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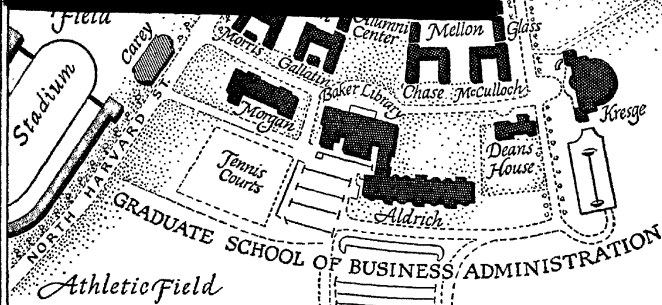
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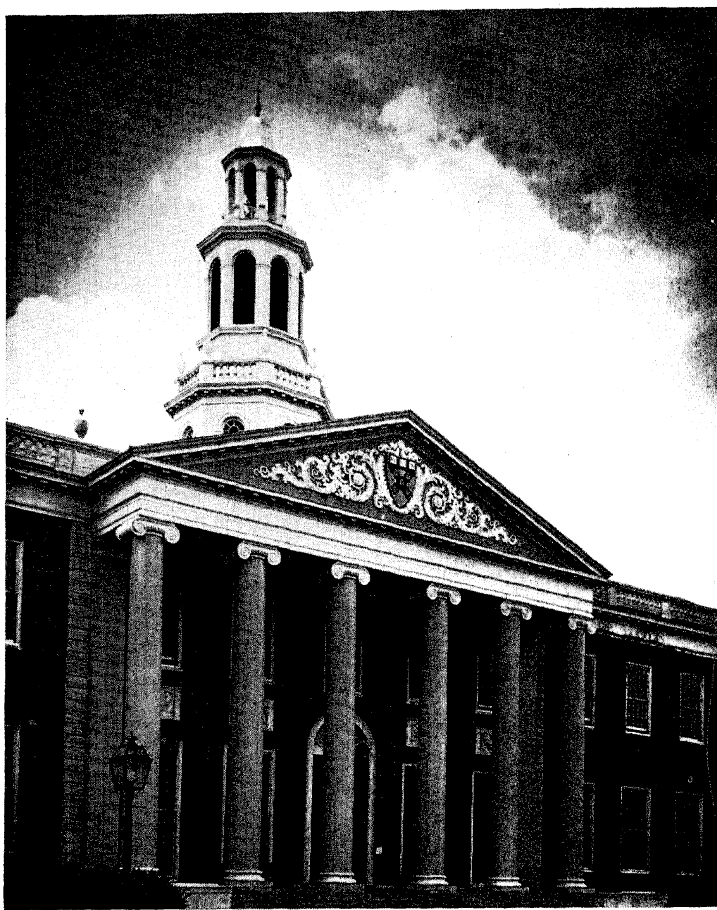




And Mark an Era







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*"... I think we might make a great success, and  
mark an era for education in business."*

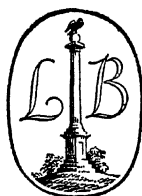
A. LAWRENCE LOWELL, 1907

# And Mark an Era • *The Story of the*

*HARVARD BUSINESS SCHOOL*

by MELVIN T. COPELAND

GEORGE FISHER BAKER PROFESSOR OF ADMINISTRATION  
EMERITUS



BOSTON • Little, Brown and Company • TORONTO

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FIRST EDITION

*Published simultaneously in Canada  
by Little, Brown & Company (Canada) Limited*

PRINTED IN THE UNITED STATES OF AMERICA

# Foreword

In 1955, when I became Dean of the Harvard Business School, few of the members of the Faculty who had participated in its very early as well as its subsequent history were still with us. It seemed to me desirable, before first-hand memories of the feel and the hopes, the attitudes and the doings of the early days were no longer available to us, that a record be prepared of the School's founding and development. The approaching fiftieth anniversary of the School, moreover, evoked a mood of reminiscence and emphasized the passage of time. It appeared clear to me that the person most suited to prepare a report such as I had in mind was Melvin T. Copeland. Not only was Dr. Copeland a writer and an educator of distinction, but also he had been with the School from the second year of its existence and had worked closely with our first Dean even before that, when a graduate student at Harvard. I therefore decided to impose this task upon my friend and colleague if it were at all possible to do so. With his usual submergence of his private interest to the common interest, Dr. Copeland acceded to my request and sacrificed not a little of his newly acquired freedom in retirement to prepare this present report. I am most grateful to him.

In this report the story of the School is set forth as seen by one who devoted virtually his whole working life to the interests of that institution and who had a close and substantial part in directing its development. The report is not intended as an official or as a complete history. Such a work would require several volumes and would be of interest primarily to specialized scholars. In his book Dr. Copeland covers basic events and trends through three administrations, and highlights them with a rich store of detail. It is my belief that the Copeland story of the Business School will be

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of both interest and help to businessmen and educators and also to all others concerned with the evolution and practical implementation of original ideas over a span of years.

The Harvard Business School was one of the pioneers in providing specialized instruction for young men looking to careers in business. It was the first business school to concentrate instruction upon the role of the administrator rather than upon more narrowly technical business matters. It also was the first to hold that a liberal education was the proper foundation for formal training in business administration.

The Business School was founded on a pioneering idea, simple and yet of astonishing potency — namely, that the administration of business enterprises needed to be and could be a professional matter worthy of the time and attention of learned, thoughtful, and responsible men.

At the time of the School's founding there was a great gulf between academic life and business life. Some individual businessmen, of course, were accepted in learned circles. It was, however, practically impossible for academic people to regard business activities with a respect equal to that accorded the activities of the established professions. Businessmen too found it difficult to think of themselves as making valuable social contributions, as being in their work truly the equals of doctors, lawyers, scientists, architects, ministers, teachers. Business was necessary, if only to support the higher activities. Everyone agreed to that. But it definitely was not a high activity in itself.

By adopting and acting on the concept that business management is an activity of both social and economic importance meriting the interest, attention, and efforts of learned men and of good men, the School had a gradual but ever-growing effect upon businessmen and their attitudes. To be accepted is to accept.

Many businessmen who had shied away from "liberal education" and who were suspicious of the academic world began to accept it. They began not to be ashamed of their own yearnings for broad knowledge or their own claims to such knowledge. More important, they began to esteem their work and to take cognizance



of their social responsibilities and their social contributions. They came to see that no essential conflict exists between sound administration and sound morals. They came to believe furthermore that young men with academic degrees might still be worth something in the practical world of affairs.

The importance of the change in attitude that I am describing is difficult to exaggerate. The Business School cannot by any means take full credit or even a substantial part of the credit. Many factors were at work. The very structure of business was changing in such a way as to emphasize the importance of administration. The School can claim to have struggled with all its might to hammer out and to bring into effective being a new concept of the functions and the responsibilities of the business manager.

The insistence of the School on recognition for the "graduate" level of its instruction no doubt has seemed strained to many. Yet it was through the requirement of a college degree for admission that the founders of the School made a most effective contribution toward the closer and better relationship between business life and academic life. Had the founders decided that to manage business enterprises one need not have a liberal education, that such education would be wasted on business, what followed might well have been a quite different story.

That the founders and early workers at the School truly believed business to be a proper subject for academic study was shown in action through the research program. Rather than setting up, for instruction, rules and principles as to how businessmen should behave, these early workers went into the field to find out about business and how it was being run, what its problems actually were. The importance of this realistic approach, this attitude of respect and receptivity, cannot be overrated. It accounts for another pride the School has: pride in its research and particularly in the case method.

The attitudes here briefly highlighted, attitudes developed and maintained not without difficulty through the School's history, helped make possible a course of events yielding much of value to the country and to the world. Business management has made

great strides toward professionalism, with its attendant dignity and sense of social responsibility.

As Frederick Lewis Allen has written:

... For the very nature of corporate business has been undergoing a change.

To pick out one word that comes as near as any other to describing the change, one might say that business is becoming professionalized, in the sense that more and more men in business are engaged in doing the sort of thing that we associate with the professional man (lawyer, doctor, engineer, professor) and doing it more and more in a spirit resembling that of the professional man.

When at the end of the first decade of this century the President of Harvard University, composing the citation for the degree given by the new Harvard Graduate School of Business Administration, called business "the oldest of the arts and youngest of the professions," there was considerable levity among the hard-shelled — and not simply because the language he used reminded people of the identity of the oldest of the professions. They thought the whole idea preposterous. Business, a profession! What an innocent notion! Business was a rough-and-tumble battle between men whose first concern was to look out for number one, and the very idea of professors being able to prepare men for it was nonsense. As a matter of fact, many a tough-fibered tycoon of those days was dubious even about employing college graduates, whom he regarded as toplofty, impractical fellows who had to unlearn a lot before they were fit for the business arena. One rough measure of the change that has taken place since then is to be found in the fact that this very professional school of business at Harvard has won widespread respect, and financial backing as well, from among big corporations; and that many of these corporations, at their own expense, send some of their most promising officials, at the age of forty or thereabouts, to fit themselves for enlarged responsibilities by taking the school's thirteen-week course in Advanced Management. This does not mean that a great university has departed from its scholarly traditions to shelter a trade school; it means rather that an important part of American business, as now operated, requires of its leading men what are essentially professional skills and abilities.<sup>1</sup>

<sup>1</sup> Frederick Lewis Allen, *The Big Change — America Transforms Itself: 1900–1950*. New York, Harper & Brothers, 1952, p. 241.

Recently in a talk I gave at the University of Western Ontario I summed up some of my views on the developing role of the business manager in the following words:

The business manager should not only be competent; he should also be responsible. In our common North American society, business and, therefore, business managers, occupy a central position. We are often described as an industrial society, frequently with considerable scorn and distress. This society has, however, particularly during the last fifty years, produced results unimagined in earlier periods of the world's history and without comparison elsewhere today. If you examine measures of total production, of the wide distribution of the product of industry, of the reduction in the average hours of work; if you look at such factors as improved longevity, health and physical well-being, or economic mobility, it is difficult indeed to exaggerate the extent of our progress. So far as North America goes the event has proved — or made — the predictions of Karl Marx completely wrong.

There have been many factors in this perhaps astonishing accomplishment. Natural resources, political concepts, the pressure of organized labor, technical advances — all these and others have surely been important. Similarly the generally pragmatic approach of our men of affairs has played a part. Not long ago I made a speech on the theme "Blessed are the Pragmatists" to dramatize my respect for those who in economic and political affairs do not permit preconceived ideas to prevent them from asking the twin questions: What objectives need to be accomplished and what is the best way to reach them?

All these elements have been important, but there is another which we have tended to overlook: the rise of the professional manager, the man who feels a sense of responsibility to all elements in the business society, who can and does take a long-range point of view, who can and does recognize the need to strike a balance among stockholders, employees, customers, suppliers and the public generally. Even more importantly, the rise of the professional manager gives assurance that the direction of affairs will be in the hands of the competent and will not be determined solely by inheritance.

So much has already been accomplished that the rapid and drastic changes of the future will clearly require this sense of responsibility on the part of business managers to an even greater degree. . . .

Furthermore, a man's personal philosophy, his way of looking at the world and the men and women around him, determine his success as a manager of things and people more than any other single factor. His basic attitudes are far more significant than the techniques he uses. As we have learned more and more about a business organization as a social unit, we have become increasingly certain that the executive's skill with people — or the lack of it — is the determining element in his long-range success or failure. As we look ahead, we have reason to believe that this will be increasingly true. In short, the time may come when an evil man or one who has no clear sense of values simply cannot be an effective administrator.

In facing the present and looking to the future, we can draw help from studying the experiences of the past and can see more clearly the problems and the opportunities which confront and will confront us in our rapidly changing environment. Education for business is now an accepted and, we believe, a permanent part of that environment. This administration hopes that what we have been doing at the Business School since 1955 and what we do in the future will tighten still further our bonds with the business world and add to that interchange of influences by which both the School and the community have benefited in the past.

STANLEY F. TEELE, Dean

*Harvard University*

*Graduate School of Business Administration*

*Soldiers Field, Boston, Massachusetts*

*December, 1957*

## Preface

In looking forward to my retirement from active teaching and administrative work at the Harvard Business School, I had contemplated preparing a few notes on certain hitherto unrecorded aspects of the development of the School. I still had that project in mind when Dean Teele asked me to record the story of the School for its fiftieth anniversary. The task proposed by Mr. Teele was considerably more ambitious than the one I had had in view, but I agreed to undertake it, and the results are embodied in this volume.

From one standpoint I was at a disadvantage in attempting to write a history of the School. I had been so intimately connected with it for so many years that it was not likely that I could take a wholly objective view. On the other hand, I had enjoyed an opportunity to know, through personal participation, something about the inside story of many of the major developments at the School. I was assistant to Professor Gay in his course in Economic History in Harvard College in 1908 when he was asked to become the first Dean of the new School. In 1909-1910 I was a junior member of the Faculty of the School. Then, after two years away from Cambridge, I returned to the School in 1912 and served as a member of the Faculty for the ensuing forty-one years.

At Dean Teele's suggestion, the period covered in this volume closes in 1955 with Dean David's retirement. On certain occasions, however, when it has seemed unwise to terminate the description of a development arbitrarily, I have stepped briefly over into the following years.

In preparing this record I have relied largely on the Deans' annual reports to the President of the University, the annual catalogues of the School, documents in the School's archives, ad-

ministrative records of the School, Faculty memoranda and committee reports, financial data from the annual reports of the Treasurer of the University, various published articles and documents, and occasionally my own personal recollections. Footnote references have been given for material taken from published sources other than the Deans' reports and School catalogues. Those reports, catalogues, and unpublished material in the archives are readily accessible for anyone who wishes to check on statements based on information obtained from them.

I have conceived of the history of the Harvard Business School, not primarily as a chronology, but as a record of an adventure by an old University in a new field of education. It has seemed to me to provide material for a case study in educational administration, for an account of an experiment in novel methods of instruction, and for a record of exploration in the development of new ideas in a broad realm of human activity. It was in accordance with such a concept that this volume was planned and written.

In order to keep the volume within the desired space limit, it has been necessary to do a great deal of picking and choosing. I am well aware that some of my former associates, and perhaps others, will not agree in all instances with my choice of what to include and what to omit, particularly for the period since 1942. A choice had to be made, however, and I trust that any significant facts which have been omitted here will be adequately recorded elsewhere.

A preliminary draft of the manuscript for this volume was furnished, in multilithed form, to all the members of the Faculty of the School and to several former members of the Faculty and staff. Their comments and suggestions were solicited, and by that means a highly desirable and comprehensive review was obtained. Some errors in statements of fact were detected and corrected, and numerous valuable suggestions were received. While I assume entire responsibility, of course, for the choice of material included, for the interpretation of facts, and for such opinions as are expressed, I am deeply grateful to all my former associates for their help.

I am especially indebted to Dean Stanley F. Teele for his sug-

gestions and comments as the work progressed; to Mr. Robert W. Lovett for aid in obtaining material from the School's archives, of which he is in charge; to Miss Lillian M. Cotter for the careful, painstaking compilation of the data in the tables on the School's finances; to Mrs. Mabel Taylor Gragg for a very competent condensation, partial rearrangement, and final editing of the manuscript; to Miss Ruth Norton, Secretary of the Division of Research; and to the thousands of former students with whom it was a pleasure to be associated over a long period of years.

MELVIN T. COPELAND

*Annisquam, Massachusetts*  
*October 17, 1957*

# Contents

*(Illustrations appear following pages 64 and 192)*

<i>Foreword</i>	v
<i>Preface</i>	xi
I The Idea and the Founding: 1899-1908	3
From Diplomacy to Business . . . Raising the Money . . . Selecting a Dean . . . The School Formally Established . . . Academic and Business Environment . . . Getting Into Operation: Housing; Courses and Faculty; Method of Instruction . . . The First Class	
II A Decade of Groundwork: DEAN GAY'S ADMINISTRATION, 1908-1918	30
Financing the New Undertaking . . . The Students . . . Trends and Experiments: The Developing Concept of Administration: Experimentation with Specialized Courses — Trend Toward General Management Courses; Trends in Methods of Instruction; Doctoral Degree . . . The School Gains Independent Status . . . Dean Gay as an Administrator	
III New Plans and a New Plant: DEAN DONHAM'S ADMINISTRATION, 1919-1927	60
Background: World War I Period . . . Dean Donham: Situation Faced . . . The Building Fund Campaign . . . Building at Soldiers Field . . . Instruction: Early Steps: The First Case Book; Review of Courses and Policies . . . Aims of the School: Donham Memorandum	
IV The Long Pull: DEAN DONHAM'S ADMINISTRATION, 1919-1942	83
Background and Situation Faced . . . The Students: Tuition; Enrollment . . . Program of Instruction: Study Groups; Introductory Lectures; Introductory Problem; Curriculum; Faculty Advisers; Doctoral Degree; Tuto-	



rial System; Sessions for Businessmen . . . Operating Finances: Expenses and Income, 1919-1920 to 1926-1927; Expenses and Income, 1927-1928 to 1941-1942 . . . The Two Hundred Fifty Associates . . . Dean Donham as an Administrator

v War Work and Postwar Progress: DEAN DAVID'S ADMINISTRATION, 1942-1955

117

Background and Situation Faced . . . War Years: The School as a Military Academy . . . Postwar Enrollment in the M.B.A. Program . . . Changes in the M.B.A. Program of Instruction . . . Advanced Management Program . . . Middle Management Program . . . Trade Union Program . . . Harvard-Radcliffe Program . . . Doctoral Program . . . Campaigns and Finances: Operating Finances: The Associates of the Harvard Business School; Campaign for Twenty Million Dollars: Classroom Building: Aldrich Hall — Social and Dining Center: Kresge Hall; Endowment . . . Dean David as an Administrator

vi Trends in Concepts of Instruction

147

Administration vs. Job and Industrial Specialization; Development of Selected Courses: Accounting — Statistics — Control — Production — Finance — Business Policy — Management of New Enterprises . . . Business as Business: Engineering and Business; Law and Business; Social and Behavioral Sciences: Administrative Practices — Business Responsibilities in the American Society; Economics and Business

vii Teaching and Administrative Organizations

179

The Teaching Organization: Recruiting and Training; Promotions; Committees; Outside Work . . . Development of the Administrative Organization . . . Visitors to the School

viii Research

208

Harvard Bureau of Business Research: Statistical Research 1911-1920; A Few Early Anecdotes and Research Experiences; Statistical Research 1921-1955; Other Bureau Activities . . . Evolution of the Research Organization . . . Case Research: Gathering Cases in the Field; Growing Use of Cases by Schools and Business; Observations . . . Project Research — Prior to 1942: Mayo Researches in Human Relations — Business History Studies — Economics of Advertising — Other Projects; Project Research — 1942-1945: Military and Post-

war Adjustment Studies; Objectives and Policies for  
Postwar Research; Publication . . . Observations on Or-  
ganized Research

ix	The Case Method of Instruction	254
	Recapitulation of the History of the Case Method . . . The Essence of the Case Method: The Role of the Instructor	
x	Potential Masters of Business Administration	273
	Admission Policies . . . Student Aid . . . Student Honors . . . Student Health . . . Student Organizations and Activities . . . Student Placement	
xi	Report Writing and the English Language	299
	The Writing Problem . . . Introduction and Administra- tion of the Written Report Program . . . Women Graders . . . The Students as Authors . . . The Factor Sheet . . . The Continuing Struggle	
xii	The Business School Library	311
	Dean Gay's Anticipations . . . Physical Facilities . . . Early Days . . . Baker Library: Collection Policies . . . Development of a Classification System . . . Operating Summary	
xiii	Sharing Ideas	324
	With Educators . . . With Alumni . . . With Business- men: Week-End Conferences; Harvard Advertising Awards; The Harvard Business Review; Harvard Busi- ness Reports . . . Overseas Relations	
xiv	Brief Résumé: an Era for Education in Business	339
	<i>Appendix: List of Faculty and Administrative Officers 1908- 1958</i>	343

And Mark an Era

. . . I think we might make a  
great success, and mark an era  
for education in business.

— PROFESSOR LOWELL TO PROFESSOR TAUSSIG,  
*January 9, 1907*

## CHAPTER I

# The Idea and the Founding 1898-1908

The proposal to found a graduate school of business at Harvard grew out of another and quite different suggestion, one perhaps more in keeping with what at the time seemed appropriate to the dignity and traditions of that institution. The proposal for a business school nonetheless was in tune with the little-recognized but definite trends and needs of the coming years.

The original suggestion, first made so far as I can ascertain in 1898 by Harvard's then President, Charles William Eliot, was for a school of diplomacy and government to be established at Harvard. The succession of events leading from Mr. Eliot's suggestion to the founding of the Harvard Business School went about as follows.

### *From Diplomacy to Business*

On December 2, 1899, Archibald Cary Coolidge, Professor of History in the Faculty of Arts and Sciences at Harvard, wrote a letter to President Eliot in which he stated: "Last year you spoke to me of the possibility of founding at Harvard a training school for diplomacy and the government service, a little like the *École des Sciences Politiques* in Paris. . . . I suppose that it would be necessary to create a special department and that department might be made part of the division of history and economics, with some change in title and arrangement."

With his letter Professor Coolidge enclosed a rough plan for

such a special department, calling for courses analogous to those then given in the departments of history and economics. He stated in his letter also that he had had two or three conversations on the subject with Mr. A. Lawrence Lowell, the distinguished Boston lawyer who in 1897 had been appointed Lecturer on Government at Harvard. Professor Coolidge suggested that Mr. Lowell might well head the department and remarked that he was the "obvious person" to give a course on colonial government.

During the next seven years the contemplated venture apparently was discussed intermittently. In 1906, however, plans began to take more definite form.

In the minutes of the Division of History and Political Science for October 24, 1906, Professor Charles H. Haskins, chairman of the Division, reported "that at the request of Professor Coolidge, he had appointed at the opening of the year a committee consisting of Professors Ripley, Gay, Hart, Coolidge, Munro, and the chairman to consider the feasibility of organizing courses preparatory to the public service. This committee appointed a subcommittee consisting of the chairman of the division, Messrs. Gay and Coolidge, which presented a preliminary plan to the division. After discussion, it was *voted* that the division is in sympathy with the proposed plan for courses preparatory to the public service and that a committee of three be appointed to consider the possibility of establishing a separate school of public and private business and to report to the division a detailed plan for such a school. Messrs. Taussig, Gay, and McVane were appointed as such a committee."

In the foregoing statement there are three points of especial significance to the School's history:

One, there for the first time emerged on the records a proposal for a *separate school*, instead of for a department in the Graduate School of Arts and Sciences.

Two, the statement contains the first recorded reference to a school of public and *private* business. In later years I heard President Lowell explain this change in the original plan. President Lowell said that the further they looked into the matter, the more doubtful it became that there would be a demand for public

service training large enough to warrant setting up a program for that alone. Consequently it was proposed to add courses on private business to help support the diplomatic and public service program.

The third point of especial note in the above minutes is the fact that Professor Edwin F. Gay was a member of each of the three committees cited.

The committee of three appointed in accordance with the vote of the Division of History and Political Science on October 24, 1906, with Professor Frank W. Taussig as chairman, proceeded immediately to draft a detailed plan. Although at that stage the organization to be set up was called a "school," the plan as drafted provided that students were to register in the Faculty of Arts and Sciences and on completion of their work were to receive the degree of Master of Arts, with indication of a special field. The school was to be administered by a standing committee whose chairman was to be the administrative head.

The plan further provided that a pamphlet be issued in which "programs and suggested arrangements of courses looking to particular careers, such as diplomatic service, colonial service, consular service, general business, railways, banking, insurance, shall be published." The plan went on to list forty courses then offered or to be offered in the Departments of History, Government, and Economics; among these were courses in Accounting and Railway Practice, already being given. Seven new business courses were suggested: Practical Banking; Money Market and Foreign Exchange; Business Organization and Management; Commercial Organization — Stock and Produce Exchanges; Industrial Resources (Economic Geography); Insurance; and Materials of Commerce. Eleven courses in the Law School were listed as available to students in the proposed new School, and seven courses in languages were suggested.

The plan also stated: "The Departments of Chemistry, Physics, Geography and Geology, Anthropology, Engineering, have been consulted, and are disposed to cooperate in this project by offering courses, or rearranging existing courses, with a view to the need of those looking to public service or to business."

The plan summarized above was submitted by Professor Tausig to Professor Lowell for comment. On January 9, 1907, Professor Lowell sent a letter in reply which was of such significance that it is quoted here in full. Professor Lowell wrote:

DEAR FRANK:

You ask me to give you my opinion more in detail upon the plan for a school of public service and business; and while I should prefer to talk it over with you, I dare say I can say all that you want me to in a letter.

You particularly ask for my opinion on the public service part of it; and I will say frankly that I do not like it. We should be holding ourselves out as training men for a career that does not exist, and for which, if it did exist, I think our training would very likely not be the best preparation. If it were not that several of my colleagues, whose opinions I respect most highly, think very differently, I should be inclined to say that the plan had not in it the elements of solidity and permanence worthy of Harvard. One argument very strongly in its favor seems to be that if we prepare them for the public service that will tend to force the government eventually to adopt them, and create such a service; but that seems to me very remote. The diplomatic service is not a career; some people doubt if it had better be a career. The sending of Bryce to this country is certainly a breach — and most of us think a good breach — in the English service. On the other hand, the consular service must always be recruited, on the whole, from rather small men who have no great ambition in life. The number of men who enter it will be few, and can never support a great school. The colonial civil service, also, does not exist, and there is no great reason for supposing that it will.

In the business side of the plan I take a great deal more interest. Although, as I think I told you, I do not believe much in the value of any special training for general business, I should like very much to see training for particular branches of business which could be developed into professions. In that direction I should like to see Harvard a pioneer; and by the way, I have very little sympathy with the argument we hear so often, that we ought to have a school of such and such at Harvard, because somebody else has it. On the contrary, I think that we had better do things that nobody else does; but we had better do them under the conditions that will be most likely to ensure success. Now, a school for any branch of business is likely to be a pretty large one if successful.



Therefore, if it is worthwhile to try the experiment at all, it is worthwhile to try it under the best conditions for permanent success; and the more I think of it, the more I am convinced that to do that we must have, not a department of the Graduate School [of Arts and Sciences] or the College, but a separate professional school, with a separate faculty, whose object would be purely to train men for their career, as the Law and Medical Schools do. I think we could learn a great deal from the most successful of our professional schools; that is, the Law School. Its success is, I think, due very largely to the fact that it takes men without any previous requirements, save a liberal education in any field, and then teaches them law, not jurisprudence; and it has been coming across my mind that if we are to have a successful school of business we must do the same thing. We must take men without regard to what they have studied in college, and we must teach them business, not political economy. No doubt you will say that business is a part of political economy. So law is a part of jurisprudence, but the Law School teaches that part alone, without requiring any knowledge of the rest. For example, a man may graduate, and frequently does graduate, from the Law School without knowing the difference of actions *in rem* and *in personam* and without being able to give the slightest definition of sovereignty or of law. Most of the graduates could not pass the most elementary examination on jurisprudence. The German professors of law would reject them as being hopelessly ignorant of everything. In other words, they are strictly students in a professional school which trains them for the practice of the common law; and the school has jealously kept itself free from contact with academic students and professors. Could we create a school which could teach certain branches of business, — let us say railroading and banking, — on such a basis? If we could, I think we might make a great success, and mark an era for education in business. But I feel very doubtful whether any such idea would commend itself to the economists any more than a law school of our type would ever commend itself to professors of jurisprudence.

Mind you, I am not saying that my opinions have any particular value on this subject; but you asked me for them, and so I send them.

Yours very truly,

A. LAWRENCE LOWELL

Mr. Lowell was always forthright and plain-spoken, but in this case he could write the more frankly to Mr. Taussig because their

friendship dated back to undergraduate days. The fact that Mr. Lowell and Mr. Taussig also were both graduates of the Harvard Law School gave added point to Mr. Lowell's references to that institution.

Mr. Lowell's declaration that he favored a pioneering effort by Harvard aimed at professional training for business, rather than for public service, proved effective. From then on attention was centered on the establishment of a business school.

In addition to carrying the day for the idea that business was a proper subject for training in a professional graduate school, Mr. Lowell's letter raised some basic issues:

Was there a place, a need, for professional instruction in business subjects? In short, would the venture be successful and of value?

Should the school be set up as an independent entity or should it be placed under some existing Faculty of the University?

Should business be taught as business or as an aspect of economics?

Should training be set up to follow industry lines or should it be directed toward matters of importance to business managements in general?

Should students be required to take specific, preparatory undergraduate courses or should a formal liberal education, without reference to subjects studied, be the basis for admission?

President Eliot did not give up his hope of having a school to train men for the diplomatic and public service, but, as he said in a letter to Professor Coolidge, dated July 14, 1907:

My present opinion is that it would be wiser to let the diplomatic part of our original plans lie dormant for a while. There is no doubt that many leading businessmen among Harvard graduates and friends are much interested in the proposal to establish a graduate school of business administration. Such a school will, of course, provide an excellent training for government service and public life in general, and we can afford to keep the diplomatic part of our original proposal in abeyance for a time.

At the annual meeting of the Associated Harvard Clubs in

Detroit on June 1, 1907, President Eliot stated that a project for the establishment of a graduate school of business was under consideration at Harvard. That was the first public announcement regarding the School.

Although no formal action was taken immediately by the Governing Boards, President Eliot undoubtedly acquainted the Corporation informally with the plans that were afoot — the Corporation being the senior Governing Board of the University, known officially as the President and Fellows of Harvard College. The autumn of 1908 was the time contemplated for the new School to open its doors.

### *Raising the Money*

Money, of course, was needed. As was and is customary with such undertakings at Harvard, the new unit was to have its own budget and stand on its own feet financially, without drawing a penny from the general funds of the University. It was in fact a special gift in the spring of 1908, of one thousand dollars from Mr. Edward King of New York, that covered the School's initial expenses — such as costs for printing the Preliminary Announcement and for office supplies.

Professor Taussig, with President Eliot's authorization, undertook to raise by subscription a fund of twenty-five thousand dollars a year for five years to enable the School to be launched. That was the amount, in addition to students' fees, which it was estimated was required. Professor Gay, it is true, protested that the underwriting should be for a period of at least fifteen years; but President Eliot held that within five years the School could be assured of adequate financial support from business sources.

As Professor Taussig later stated: "Good progress was made in the first appeals to donors. More particularly, the General Education Board [a broad-purpose educational foundation established in 1902 by John D. Rockefeller], attracted by a scheme for a novel and promising experiment in education, agreed to provide one half the sum needed. A considerable part of the remainder was pledged,

when the panic in the autumn of 1907 put a damper on all undertakings of the sort. It was not deemed wise to press appeals for money during the winter of 1907-1908."<sup>1</sup>

In the spring of 1908, however, the financing had to be consummated if the School was to open in the autumn. The Corporation indicated that no further commitments should be made for expenditure of money for the new School until the subscriptions had been completed. Professor Taussig was informed immediately of the decision of the Corporation, and almost simultaneously he received a call from the office of Major Henry Lee Higginson, a generous benefactor of Harvard, requesting Professor Taussig to make an appointment to meet him at once, and an appointment was arranged for that afternoon at Major Higginson's apartment.

As Professor Taussig later reported: "There Major Higginson went at once to the root of the matter and asked whether I had received the communication from the Corporation about the funds for the Business School. Hardly waiting for a reply, he went on in some such words as these: 'Go to President Eliot tomorrow morning and tell him that a donor whose name you are not at liberty to state, but whose financial ability you can guarantee, has underwritten the entire sum still remaining to be raised on the estimated annual requirements for the Business School.'" Professor Taussig then added: "In the autumn of 1908 I found myself able to take up once more the task of gathering pledges, and had the satisfaction of securing the full amount without resort to Major Higginson. None the less, his guarantee not only was an immense relief to myself but made it possible to carry out the program as matured."<sup>2</sup>

Subscriptions making up the second half of the required sum were received from the following Harvard Alumni and friends, including Professor Taussig and a group of his college classmates: Oliver Ames; Edward F. Atkins; George F. Baker, Jr.; Walter C. Baylies; Charles S. Bird; V. A. L. Blake; E. D. Brandagee; Allston Burr; I. Tucker Burr; B. P. Cheney; Charles A. Coffin; William

<sup>1</sup> Bliss Perry, *Life and Letters of Henry Lee Higginson* (Boston, Atlantic Monthly Press, 1921), pp. 375-376. Hereinafter referred to as Perry.

<sup>2</sup> Perry, pp. 376, 377.

Endicott, Jr.; R. D. Evans (Estate of); Charles S. Fairchild; William A. Gaston; Robert Goelet; Robert Walton Goelet; Henry S. Howe; A. Lawrence Lowell; Arthur T. Lyman; George S. Mandell; J. P. Morgan, Jr.; Nathaniel C. Nash; B. W. Palmer; George L. Peabody; James H. Proctor; William B. Rice (Estate of); Horace S. Sears; Herbert, Jesse, and Percy Straus; and Members of Class of 1879, Alvah Crocker, G. C. Cutler, J. T. Gilbert, Samuel Hill, C. A. Kidder, George R. Sheldon, Stewart Shillito, F. E. Simpson, F. W. Taussig, W. B. Thomas, H. O. Underwood.

### *Selecting a Dean*

While Professor Taussig was engaged in raising funds early in 1908, but some months before that task was completed, President Eliot undertook to select a Dean for the new School. His first strong personal preference was MacKenzie King, then Deputy Minister of Labor at Ottawa, and later the very distinguished Prime Minister of Canada. With difficulty Professor Taussig and Jerome D. Greene, Secretary of the Corporation, dissuaded President Eliot from that choice, primarily on the grounds that the first Dean should be an American citizen.<sup>3</sup> On February 19, 1908, the President offered the position to Professor Gay.

In 1908 Professor Gay was forty. A native of Detroit, he had graduated from the University of Michigan in 1890. The next twelve and one half years he had spent in study at the Universities of Leipzig, Berlin, and Zürich, and in research in Germany and England, receiving the degree of Ph.D. in Economic History at Berlin in 1902. He had joined the Harvard Faculty in that same year as Instructor in Economic History.

President Eliot never stated publicly, so far as I am aware, the reasons for his choice of Professor Gay as Dean. But it is not difficult to surmise, I think, the factors which weighed heavily in his choice. To fill the position, a man was needed who had vigor, determination, imagination, and resourcefulness, one who would

<sup>3</sup> Herbert Heaton, *A Scholar in Action: Edwin F. Gay* (Cambridge, Harvard University Press, 1952), p. 67. Hereinafter referred to as Heaton.

command the respect of his academic colleagues, and one who was familiar with and in sympathy with the new enterprise.

Professor Gay had demonstrated in his few years at Harvard outstanding ability as a scholarly teacher, a capacity for assuming responsibility, and an enthusiasm for new projects. Also he had won high regard among members of the Faculty of Arts and Sciences. Professor Taussig, for example, thought very highly of his abilities. Then, too, Mr. Greene, who as Secretary of the Corporation was closely associated with President Eliot, presumably favored the selection. Professor Gay was one of the dozen founding members of the Tuesday Evening Club, a social group which Mr. Greene had organized "to dine, talk shop, and consider methods for improving educational policies."<sup>4</sup> President Eliot also probably gave weight to the fact that Professor Gay had been a member of each of the committees which in 1906-1907 had worked on the proposals from which the concept of the new School emerged.

Professor Gay, as he told me at the time, was reluctant to accept President Eliot's offer of the deanship of the new Business School; I was then a second-year graduate student in Economics at Harvard and assistant to Professor Gay in his course in Economic History. Professor Gay had had no business experience whatsoever. He had practically no acquaintances among businessmen and little familiarity with American business affairs. Since he had not yet written up the results of his long years of research, he had that formidable task ahead of him, and he also was eager to continue his research studies, especially in medieval and early modern economic history. Although President Eliot assured him that the deanship would not interfere with his research and writing for more than two years, Mr. Gay figured that the interruption would be for a period of at least four years.

President Eliot waived aside Professor Gay's objections and calmly awaited his acceptance. Although he did not freely admit it, Professor Gay always was susceptible to appeals to take hold of new, venturesome undertakings, and the challenge of starting a

<sup>4</sup> Heaton, p. 66.

new professional school was one that he could not refuse. So Professor Gay became Dean of the new School.

### *The School Formally Established*

The first formal action by the Governing Boards was taken on March 30, 1908. On that date the Corporation voted "to establish a Graduate School of Business Administration, the ordinary requirement for admission to which shall be possession of a Bachelor's degree, and for graduation a course of study covering two years." The Corporation, at the same time, elected Professor Gay as Dean of the School. To become effective, both those votes were subject to consent by the Board of Overseers. That consent was given on April 8, 1908.

Professor Lowell was largely instrumental in the selection of a name for the School, and he often stated that *administration* was the most significant word in that title. The degree to be given Business School graduates was that of Master of Business Administration.

#### NO INDEPENDENT STATUS

One further action by the Corporation should be noted. On May 18, 1908, the Corporation "*Voted*, that until the further order of this Board, the Graduate School of Business Administration be coordinated with the Graduate School of Arts and Sciences and the Graduate School of Applied Science as a department under the Faculty of Arts and Sciences." Hence for the time being the Business School was not to be an autonomous school, like the Law School and the Medical School, but a subsidiary of the Faculty of Arts and Sciences. This meant that any recommendation voted by the Faculty of the Business School would not go directly to the Corporation but through the Faculty of Arts and Sciences, and that recommendations for the granting of degrees would be subject to approval by that Faculty. This action was taken at Dean Gay's request. In a letter to President Eliot, May 9, 1908, Dean Gay stated:

The question of the School's organization I have already discussed with you. Externally it should be related, I believe, to the Faculty of Arts and Sciences, like the Graduate School of Applied Science. While it is in the experimental stage of development, I can perceive no tangible disadvantage, but only advantage, in giving it the shelter and support of this connection. This statement should be guarded, however, by the proviso that in the event of a large resort of students to the new School, its financial interests should be safeguarded. Its income from fees need not constitute a separate fund, but there should be a proper understanding which would permit expansion and the formation of a reserve within the limits of such income. The internal organization of the School may be provided by the creation of an Administrative Board, composed of its own teaching staff, but the working out of rules and regulations should be left in the main to this Board and not prescribed in advance.

The Secretary of the Corporation conferred with Dean Gay about this matter, and in a memorandum dated May 10 reported to the President the more detailed reasons for the Dean's belief that the School initially should be placed under the Faculty of Arts and Sciences: First, with a probability that the number of students enrolled during the first year or two would be small, the Dean thought that the School thereby would justify itself more readily to the public and that its prospects might appear surer.

Second, membership in the Faculty of Arts and Sciences would be a strong inducement to new men to enter the service of the University as lecturers, assistant professors, and professors in the new School.

Third, at the start some of the teachers in the School were to teach in the College and Graduate School of Arts and Sciences as well, and "When the School is more firmly established, and a larger income assured, the instruction will tend to become somewhat more separate from the College, although there will probably always be more dependence on preparatory instruction offered in the College and more interchange of instructors than is the case in the Law School."

Fourth, the Dean expected that there would be a close relationship between the Business School and the Graduate School of Ap-



plied Science. He anticipated that such a relationship would develop particularly for students interested in railroading and manufacturing.

Finally, the memorandum stated:

The separate name (School), degree (M.B.A.), pamphlet and classification of courses, registration, listing of students in the catalogue — all combine to distinguish the School clearly, so far as students or outside public are concerned, from other departments of the University. A School professional spirit is not only desirable but must be developed if the School is to succeed, but it is not clear how the measure of affiliation proposed can be detrimental to the development of such professional spirit. Dean Gay's present desire for the shelter of the Faculty of Arts and Sciences is not due to timidity, but to the feeling that it may be a little presumptuous for the School to make a great flourish as a separate department when its foundation is laid on such a modest scale and its actual obligations to the Faculty of Arts and Sciences are so great.

### *Academic and Business Environment*

Before the Harvard Business School was founded, several undergraduate schools of commerce had been established at other colleges and universities in the United States, and some courses in business subjects were included in the curricula of still other institutions. The first school of commerce to be established in this country was the Wharton School of Commerce and Finance, founded at the University of Pennsylvania in 1881. By 1908 the Wharton School had introduced, in addition to its regular undergraduate program, part-time evening courses for students employed during the day and also several graduate courses.

Just before the turn of the century, undergraduate schools of commerce were organized at the University of Chicago and the University of California. In 1900 the Amos Tuck School of Administration and Finance was opened at Dartmouth College and in the same year the New York University School of Commerce, Accounts, and Finance began its operations. The Tuck School required the completion of three years of college work for admission; had a two-

year program, one year of undergraduate standing and one year of graduate work; and gave the degree Master of Commercial Science. The New York University School, on the other hand, was primarily an evening school for part-time students who were ordinarily expected to have graduated from high school. Between 1900 and 1908, several other undergraduate schools or departments of commerce were established.

It was not from the undergraduate schools of commerce, however, that the founders of the Harvard Graduate School of Business Administration expected the School to draw its students. They anticipated that the students enrolling at the School, like those entering the Harvard Law School, would be mainly graduates of Liberal Arts colleges. They placed their emphasis, not on technical preliminary training in business, economics, or other specialized subjects, but on the intellectual power, the cultural background, and the maturity which they expected to find among college graduates whatever the courses they had elected to take as undergraduates. For the founders the significant point was that the Business School was to require a college Bachelor's degree for admission. No other business school in existence at the time made such a requirement.

In this insistence of the founders upon a college education as a foundation for business education there was more than a desire to have able young men as students. Such insistence reflected the belief that business administration was a serious matter and for its proper conduct required the services of men with breadth of view and an inclination for learning.

One of the circumstances which had induced President Eliot to go ahead with the project of founding the Harvard Business School was his observation that so many college graduates were then going into business. In an address before the University Club of Indianapolis, in May 1908, President Eliot stated: "The motives which determined us to establish this School at Harvard are plain; we observed last June that more than half of our senior class, then graduating, went into business, and we also have observed for a good many years past that a large proportion who have gone into

business have attained high place, particularly in the corporation industries and the financial institutions of our country."

College graduates, in other words, no longer were entering chiefly the ministry, law, medicine, or education. In the years immediately preceding 1908 more and more graduates were turning to business for a career. The enrollment of young men as full-time undergraduate students in the colleges and universities in the United States, as reported by the United States Commissioner of Education, had increased from 22,508 in 1895-1896 to 26,996 in 1905-1906, and to 35,521 in 1908. There would not have been room for all of them in the older professions; then, too, business was developing in ways that offered challenging opportunities to college men. Nevertheless, in spite of the growing numbers of college graduates entering business, and also despite the calm acceptance of the idea of professional business training on the part of President Eliot, Professor Lowell, and Professor Taussig, the academic atmosphere in 1908 was not in general cordial to the new School.

The School in its early years was to find some friendly and steadfast supporters among members of the other Harvard Faculties and in other academic institutions. However, by many professors and by numerous Harvard alumni, it was deemed to be degrading for the University to offer instruction in the venal subject of Business Management. Some of the academic animosity toward the young Business School was outrightly expressed. Some of it was covert, albeit thinly concealed. Later, as an instructor in Marketing in the School, I was made especially aware of the academic animosity toward us, for with the development of the courses in Marketing some of the sharpest barbs of the critics were directed at that subject as being one particularly unworthy of academic recognition.

In order to give a complete picture of the business environment into which a graduate school of business administration fitted in 1908, it would be necessary to review in detail the industrial, commercial, and financial developments in this country for at least the preceding half century and also to observe changes in social attitudes toward employment in business. We must content ourselves with a summary.

In the first place, 1908 was a depression year, following the severe business crisis of 1907. "Muckraking" of Big Business was prevalent at the time; it was in 1908 that Theodore Roosevelt made reference to "certain malefactors of great wealth." There existed, nevertheless, many factors favorable to the development of a School of Business Administration.

By 1908 the typical firms in many industries had grown to a size which required the setting-up of administrative organizations; they had outgrown the one-man, owner-manager stage. Such administrative organizations needed staffs of competent men, with a capacity for analysis and a broad outlook, who could base their business decisions on a comprehensive understanding of the many factors involved, factors which commonly were economic and social as well as technical. Comprehensive methods of accounting for corporate affairs were being developed to supplement the earlier book-keeping procedures. New production ideas, notably the "Taylor system" of so-called scientific factory management, were coming into greater vogue. Labor relations were well-nigh universal problems.

And in the sales field, some far-reaching developments were in progress. Large sales organizations were being built up which required much more careful planning and supervision than theretofore had been customary. In many industries, though not all, advertising had outgrown the patent-medicine stage and was being more and more widely used, through systematically planned campaigns or programs, to activate both local and national demand. With improvements in local rapid transit, and with the growth of opportunities for newspaper advertising afforded by cheap newsprint and new types of printing presses, department stores were becoming large-scale retailers in the metropolitan markets. Chain stores were beginning to be substantial factors in the distribution of groceries, drugs, shoes, and variety goods.

Along with the growth of the larger corporations, small business enterprises were continually being started by ambitious and resourceful entrepreneurs. Although the facts were not apparent to

the founders of the Harvard Business School, the organization of new business undertakings and the management of relatively small concerns were to afford some of the more attractive opportunities for enterprising young men with a training in business administration.

The railroads were a relatively mature industry in 1908, with large-scale operations, problems of administrative control, business promotion, and rate-making under the jurisdiction of state regulatory bodies and the Interstate Commerce Commission.

In the public utility field, the telephone industry was already operating as a large-scale enterprise, even though the telephone was just coming to be regarded as a family necessity. Electric street railways were nearing the peak of their operations. And the electric power and light companies were expanding apace.

To aid in financing these growing industrial and commercial enterprises, commercial banks had expanded the scope and magnitude of their activities. And for the flotation of new corporate securities a large investment banking business was growing up.

Changes in these various industries were continually taking place, and new developments were about to occur which could not have been foreseen in 1908. The automobile was barely out of the goggle and duster stage; it was in 1908 that the Model T appeared on the scene. The oil industry was in the process of being transformed from the production of kerosene to the production of gasoline and lubricating oil. The rubber industry was about to shift its main activity from the production of footwear, toilet articles, and garden hose to the manufacture of tires.

The Du Pont Company was still primarily a manufacturer of explosives, and the modern chemical industry in this country had really not been born.

The moving picture industry was just emerging from the penny-arcade stage. And, of course, the aviation, radio, and television industries were nonexistent.

This list of actual and impending developments could be extended indefinitely, and reference could be made to the new steps

which were being taken or were about to be taken for more active regulation of various industries by government legislation.

The magnitude of the opportunity which existed for trained business administrators was not fully recognized when the Harvard Business School was founded, and developments in the offing were not anticipated. Nevertheless the time was then ripe for such a pioneering institution, provided it would be content to start humbly and to learn through trial and error how it might contribute to the training of young men for eventual participation in the management of business enterprises.

If the founders of the School were not fully aware of the potentials of what they had undertaken, neither was the business world much impressed. In the business world, the attitude toward the new School was not one of animosity but generally one of skepticism or, even worse, indifference. In spite of the larger and larger numbers of college graduates going into business, the tradition of office-boy apprenticeship still had wide vogue in 1908. The disdain which much of the academic world felt for trade was matched in the business world by an attitude of rather amused tolerance toward the impractical theorists of collegiate halls. The new School was in the crossfire.

### *Getting Into Operation*

In the spring of 1908 the Harvard Graduate School of Business Administration consisted of an idea, not fully defined; pledges of \$25,000 a year for five years, not fully subscribed; and an energetic new Dean with no business experience and with few business acquaintances. There were no courses, no organized teaching material, no teachers trained in Business Administration, no students, and no plant.

The new Dean had to make some key decisions at once, and he had to make them pretty much by himself. The key decisions could be modified later, in the light of experience and further study, but those decisions were likely to have and actually did have lasting effects upon the program and policies of the School.

## HOUSING

The matter of plant was solved then and for some years thereafter by a sort of quietly-agreed-upon burrowing process on the University's property, a process carried on as unobtrusively as possible. By using accommodations which had been discarded by other members of the University family, by excavating junk and rubbish from a basement here and there in an old University building, and by renovating a paintshop and a deserted guinea-pig laboratory, the School sought to minimize its intrusion into the none too ample and sometimes begrudged physical facilities of other departments.

There was one bright spot in the housing picture. President Eliot assigned three small rooms in University Hall for the Business School offices. University Hall then was the central administrative building of the University. The President's office was located there, and there also were the headquarters of the College and of the Graduate School of Arts and Sciences. The Business School was the only one of the professional schools having an office in that building. From the standpoint of the School that assignment was a happy one. It gave the School something of a tacit recognition which was especially welcome in an academic atmosphere charged with a certain amount of hostility.

The most urgent administrative tasks facing Dean Gay were to decide upon the specific courses to be offered, the method of instruction to be followed, and the teachers to recommend for appointments. The only formal directive for the Dean's guidance was the vote of the Governing Boards "to establish a Graduate School of Business Administration, the ordinary requirement for admission to which shall be possession of a Bachelor's degree, and for graduation a course of study covering two years." Informally, of course, the Dean was thoroughly acquainted with all the discussions which had led up to the decision to found the School.

## COURSES AND FACULTY: REQUIRED COURSES

For the first-year program, the one of immediate concern, Dean Gay decided upon three required courses and a group of elective

courses from which each student would select a fourth course. The required courses were to be Principles of Accounting; Commercial Contracts; and Economic Resources of the United States.

Beginning in the academic year 1900-1901, William Morse Cole had offered a course in Accounting in the Department of Economics in Harvard College. Under stipulated conditions, the course was open to undergraduates in their senior year. In 1900-1901 no academic credit was given to students taking the course; it was offered merely as a vocational aid for students who were expecting to go into business. In 1901-1902, a half-credit was granted, and in 1905-1906, a full credit. Dean Gay decided that this course would take care of the Principles of Accounting requirement. First-year students in the School were to take that accounting course along with college seniors. Eventually the course became strictly a Business School course; the academic year 1913-1914 was the last one in which college seniors were admitted.

Professor Cole continued to teach Accounting in the Business School until he retired in 1933. He was strict in his intellectual discipline and therefore highly respected by his students. To many generations of Harvard Business School students he was "Daddy" Cole.

Commercial Contracts was chosen for inclusion in the curriculum partly because so many problems in business administration involved legal contracts and partly because for that subject an abundance of legal cases, selected from those already in use in the Harvard Law School or easily available in the recorded decisions of the appellate courts, could readily be adapted to the needs of students of business administration. Lincoln F. Schaub, a graduate of the Harvard Law School, was selected to be Instructor of Commercial Contracts. Mr. Schaub also served as Secretary of the School.

The third required course, Economic Resources of the United States, was to evolve into Marketing. Even in the first year, as indicated by the catalogue description, the course went far beyond the examination of resources. The catalogue for the opening year stated:



It is the aim of this course to give an analysis of the chief commercial factors which must be considered by the businessman who seeks to gain or hold a market for his commodities. The conditions, both geographical and economic, here studied are primarily those relating to the domestic commerce of the United States, but toward the end of the course consideration will be given to the foreign trade of the country and its relative position in international trade. After preliminary discussion, surveying in a general way the industrial development of the country, its extent and character, there will be a detailed study of the greater industries, their chief centres of production, and competitive market conditions.

In setting up this course, Dean Gay had started out with an examination of a stack of textbooks on commercial geography. He decided, however, that even though commercial geography was a subject commonly taught in undergraduate schools of commerce, it did not fit into his concept of training for business administration. As an alternative, he developed the general idea embodied in the description just quoted. In that development his studies of economic history undoubtedly were a factor, and a latent interest on his part in marketing methods also had an influence. To teach the course in Economic Resources, Dean Gay discovered Paul T. Cherington, who held an A.M. degree from the University of Pennsylvania and who in 1908 was employed in the Philadelphia Commercial Museum. Even then Mr. Cherington had acquired a large fund of interesting information on commercial subjects from which, with his wonderfully retentive memory, he could draw examples for illustrative purposes in his lectures.

#### COURSES AND FACULTY: ELECTIVE COURSES

Banking and finance, it will be recalled, was one of the special fields to which Professor Lowell and President Eliot had referred at the outset as offering especially promising opportunities for professional training. In 1908-1909 one full-year course and three half-courses in banking and finance were offered as electives in the Business School. To give the full-year course in Banking and a

half-course in Foreign Exchange, Dean Gay selected Oliver W. M. Sprague, a Ph.D. in Economics from Harvard and already a writer of some note, who was then teaching in Japan. Except for relatively short leaves of absence for government service in England and the United States, Professor Sprague served as a member of the Faculty of the Business School until he retired in 1941. Professor Sprague was a real scholar and he also was one of the wisest men ever to serve on the School's Faculty.

To give one of the other half-courses in the financial field, Investments, Dean Gay chose John F. Moors, who was in the investment business in Boston. Mr. Moors was one of the really effective teachers among the businessmen who taught from time to time in the Harvard Business School. He had an intense interest in training students, not only in investment analysis, but also in the use of the English language. He not only was a successful businessman but also a generous philanthropist and one of the most civic-minded gentlemen of his generation in Boston.

The third half-course in this field was Corporation Finance, and to give that course Dean Gay rounded up as lecturers sixteen businessmen and others experienced in financial operations. One of those outside lecturers was Wallace B. Donham. Another was George O. May, partner in Price, Waterhouse & Co., a leading firm of public accountants in New York City. Mr. May for many years continued to have a significant interest in the Business School, and he also was later closely associated with Mr. Gay in other activities. A third member of this group of outside lecturers was Thomas W. Lamont, then vice president of Bankers Trust Company, later a member of the firm of J. P. Morgan & Co. Mr. Lamont too became a firm friend of the School. His participation in the instruction in this course also marked the beginning of a friendship with Dean Gay which led eventually to the Dean's resignation from the School to become editor of the New York *Evening Post*.

In the subject of Transportation, which was another of the fields looked upon by the founders of the School as offering special opportunities of a professional character, one half-course on Railroad Organization and Finance and a half-course on Railroad Account-

ing were offered by Dr. Stuart Daggett of the Harvard Department of Economics. And, to give a full course on Railroad Operation, Dean Gay selected William J. Cunningham, who then was working in the statistical department of the Boston & Albany Railroad. Although not a college graduate, Mr. Cunningham was an educated man and a thorough student of railroad operations. He presently was made a professor and he became one of the more distinguished members of the Faculty of the School, serving until he retired in 1946.

For an elective course on Railroad Rate-making, Dean Gay secured the services of Edgar J. Rich, a lawyer in Boston. For a course on Fire Insurance, William B. Medlicott was selected, and for a course in Life Insurance, Herbert B. Dow. These three men were specialists in their respective fields and, as was also true of Mr. Moors, they spent only part of their time at the School. All three continued to be members of the Faculty for the next ten years. An elective course in Accounting Practice also was offered, taught by Professor Cole.

In 1908-1909 the following half-courses also were listed: Economic Resources of Eastern Asia and Australasia, taught by Mr. P. F. Treat; Industrial Values (economic price movements), by Assistant Professor Wesley Clair Mitchell of the University of California; Administration of Municipal Business, by Mr. John Wells Farley; and Commercial Organization and Methods, by Mr. Cherington. And in the catalogue for that year special reference was made to courses in German, French, and Spanish Correspondence, given in the Faculty of Arts and Sciences, as being particularly suited to the needs of business students.

Finally, of especial note was the course on Industrial Organization, in which Dean Gay himself appeared as introductory lecturer on the background of the Industrial Revolution, a subject to which he had devoted much study. Instruction in that course, with the exception of the Dean's introductory lectures, was given by outside lecturers.

In planning the course in Industrial Organization and in obtaining outside lecturers to give the instruction, Dean Gay manifested

notable resourcefulness and determination.<sup>5</sup> He had decided that some sort of instruction should be given in the subject of factory management, and then from Professor Wallace C. Sabine of the Harvard School of Applied Science he learned of the work which Frederick W. Taylor and his associates were doing at the Midvale Steel plant in Philadelphia on work planning, inventory control, time studies, employee compensation, and other aspects of what was soon to be known as "scientific management." By persistence and persuasiveness Dean Gay finally induced Mr. Taylor to agree to lecture in the course in Industrial Organization and to acquiesce in arrangements whereby one of his associates, Mr. C. G. L. Barth, would spend even more time at the School. In addition to Taylor and Barth, Dean Gay found half a dozen other competent men to lecture in the course. Dean Gay was greatly intrigued with the work of Taylor, Barth, and others in developing new concepts of factory management.<sup>6</sup> Unlike so many other persons, however, he was not interested primarily in the techniques of "scientific management" but rather in the basic approach which underlay those techniques.

The course in Industrial Organization was immediately popular with the students, many of whom chose it as an elective. It was new and it was newsworthy. It was concrete, dealing with specific factory problems. And to many it seemed to provide something of a formula for management.

Thus, as soon as Dean Gay began to shape up the program of instruction for the School, the circumstances which he encountered among businessmen and his own shrewd insight led him to decide on courses which not only were quite different from those customarily offered in an economics curriculum but also at some variance with the suggestions which had been made by the early sponsors of

<sup>5</sup> For a more comprehensive account of Dean Gay's efforts in performing this task, see Heaton, pp. 72-73.

<sup>6</sup> More comprehensive statements on that point and on various other aspects of the early history of the School were presented in the highly interesting article "About the Formative Years," by George H. Hanford, in *Harvard Business School Bulletin*, Winter 1954, pp. 219-224. That article was based, in considerable part, on the personal files of Mr. A. W. Shaw.

the movement for business training at Harvard. Dean Gay's lack of familiarity with business had at least one advantage. It enabled him to start with a fully open mind.

#### METHOD OF INSTRUCTION

In the Preliminary Announcement regarding the opening of the Business School, a two and one-third page leaflet published April 22, 1908, the following statement appeared:

Unlike the older professions, with their well-established University instruction and tried methods, Business, as a department of University training, has still, to a large extent, to invent its appropriate means of instruction and to form its own traditions. From the mass of accumulating business experience, a science must be quarried. Not only must the fundamental principles guiding conservative business be elucidated, but the art of applying those principles in the various fields of business enterprise must be taught in a scientific spirit. What, for lack of a better term, may be called the "laboratory method" of instruction must be introduced, wherever possible, if the School is to fulfill efficiently the intention of its founders.

That statement, written by Dean Gay, shows the pioneering attitude, the professional spirit, and the practical point of view with which he undertook the task of organizing the new School. In the first School catalogue, issued in August 1908, another statement by Dean Gay crystallized somewhat more definitely the conclusions which he was reaching regarding methods of instruction:

In the courses on Commercial Law the case system will be used. In the other courses an analogous method, emphasizing classroom discussion in connection with lectures and frequent reports on assigned topics — what may be called the "problem method" — will be introduced as far as practicable. Visits of inspection will be made under competent guidance to various commercial establishments in Boston and in the neighboring manufacturing centres of New England. Similar field work of a more specialized character will form a feature of the advanced work of the second year.

Thus, from the very outset, Dean Gay's goal was to have instruction in the School conducted by the *problem method*, with

classroom discussion. The Dean's choice of the problem method stemmed in part, I think, from his own experience as a student and a teacher. In his large undergraduate course he handled the instruction by lecturing, but in his small advanced courses he always had discussion by the students. Of greater influence, I believe, was the example of the Harvard Law School, where the case system had achieved such notable success. And the Harvard Law School in 1908 was, in fact, the toughest competition which the new Business School had to face. Numerous graduates of the Law School had ended up in high administrative positions in business, and in the period around 1908 a considerable number of students were enrolling in that School with the definite intention of entering business; the intellectual training received in the Law School was looked upon as good preparation.

I am convinced also that Dean Gay had an intuitive understanding of the fact that the students in the Business School would acquire a more effective training for business administration by having to analyze and discuss administrative problems and practice decision-making than by being fed information and professorial views. At all events, the Dean from the start was a strong advocate of the problem method of instruction. This objective, however, was not easily attainable, and in making arrangements for the opening year the Dean, as we have seen, had to rely heavily on lecturers.

### *The First Class*

The Harvard Business School opened on October 1, 1908, with an enrollment of 24 regular first-year students and 35 special students, that is, men taking not the full program but only certain courses. In the second half-year the enrollment was increased by the admission of 9 regular students and 12 specials, making a total of 33 regular students and 47 special students, and a grand total enrollment for the year of 80 students.

All the regular students who enrolled in 1908-1909 and 25 of the special students held college degrees, a total of 58. Of that total, 42 were graduates of Harvard College. Massachusetts Institute of

Technology, Williams College, and Yale University each had two graduates in the list, and each of 10 other colleges was represented by one graduate. Thus 14 colleges were represented. Of the total number of students, including specials, 59 were from Massachusetts, 9 were from New York, 10 were from 10 other states, and 2 were from foreign countries.

Under the circumstances, the opening enrollment was quite encouraging. Formal action by the Corporation to establish the School was not taken, it will be recalled, until March 30, 1908, and the first Preliminary Announcement was not issued until April 22. That announcement, furthermore, merely stated objectives and policies, without a list of specific courses. It was not until summer that the School catalogue, with a list of courses and other essential information, was published. Most college seniors would have decided on their plans for the coming year long before definite information regarding the new Business School was available. The School, moreover, was an experiment in education — a graduate school with an untried program and an uncertain future. And there was hostility in some academic circles and skepticism among many businessmen.

## CHAPTER II

# A Decade of Groundwork

DEAN GAY'S ADMINISTRATION, 1908-1918

### *Financing the New Undertaking*

We left Dean Gay and the School at the close of the last chapter with certain courses set up, teachers obtained, the method of instruction tentatively decided upon, a handful of students, and twenty-five thousand dollars a year for five years. According to the preliminary announcement put out in April 1908, this was a "large annual income." There also was President Eliot's comforting assurance that within five years ample funds would be forthcoming from the business community.

From the financial point of view, however, things did not flow quite so smoothly. There was a continuous struggle for and anxiety about funds. That the new institution was able to hang on and even grow, satisfactorily though modestly, is shown by Tables 1 and 2, giving enrollment and financial data.

During the five-year period of the subscriptions Dean Gay succeeded in keeping the budget balanced and also, by the utmost frugality, he amassed a reserve of a bit over 19,500 dollars. This he did although, as his biographer has said: "His friend H. M. Bates only exaggerated when he said that in 1908 Gay did not know a quarter from a \$100 bill."<sup>1</sup>

Income from tuition increased with the growing enrollment, and in 1916 the tuition rates were raised. From 1908 to 1916 tuition for full-time students was one hundred and fifty dollars a year, the same as for students registered in the College and in the Graduate

<sup>1</sup> Heaton, p. 68.



TABLE I

## HARVARD GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

*Income and Expenses 1908-1909 to 1916-1917\**

	1908-1909	1909-1910	1910-1911	1911-1912	1912-1913	1913-1914	1914-1915	1915-1916	1916-1917
<b>Income</b>									
Gifts for Endowment	—	—	—	125,000	35,320	19,135	139,783	132,589	4,552
Endowment Principal	—	—	—	125,000	160,320	179,455	319,238	451,827	456,379
Income from Endowment Funds	—	—	—	745	7,815	9,106	9,523	20,628	23,492
Gifts for Research	—	—	—	150	2,200	—	—	—	—
Gifts for Library and Books	75	—	500	100	550	425	275	550	500
Gifts for Loans, Scholarships, Prizes	200	850	—	375	575	300	500	100	275
Other Gifts for Immediate Use and Miscellaneous Income	24,125	24,275	27,400	24,808	27,900	16,090	23,155	19,345	15,275
Gift Balance	—	850	564	1,758	1,397	7,984	7,245	6,065	5,044
Tuition Income	5,725	8,820	8,625	10,460	13,523	14,790	21,271	24,798	34,705
General Suspense	—	9,026	12,337	13,213	19,505	3,307 (D)	453	314	4,115
<b>Expenses</b>									
Instruction	24,470	23,758	30,885	30,644	34,033	38,453	44,132	49,142	53,272
Administration	2,707	2,800	3,016	2,835	3,638	3,644	4,213	6,192	7,337
Library	1,000	1,418	2,680	1,699	1,929	1,964	2,965	3,655	5,667
Research	—	—	150	1,397	3,475	4,778	6,600	6,822	7,984
Awards to Students	750	951	1,040	1,420	1,300	2,000	2,575	2,289	1,625
TOTAL	28,927	28,927	37,771	37,995	44,375	50,839	60,485	68,100	75,865
TOTAL INCOME AVAILABLE OF	28,927	37,953	41,082	38,871	50,667	34,641	56,724	68,867	79,686
Operating Surplus	—	9,026	3,311	876	6,292	—	—	767	3,801
Operating Deficit	—	—	—	—	—	16,198	3,761	—	—

\* Figures for 1917-1918 and 1918-1919 are not included as they were not comparable because of war conditions.  
(D) = deficit

School of Arts and Sciences. The fees for special students were forty-five dollars for a full course and twenty-five dollars for a half-course. In 1916, tuition was raised to two hundred dollars for regular students and fifty dollars for a single course. Tuition, as a percentage of total income availed of, rose from 19.8 per cent in 1908-1909 to 23.0 per cent in 1909-1910, 43.0 per cent in 1913-1914, and 43.6 per cent in 1916-1917.

Tuition income could not carry the full burden, so other sources of funds needed to be found, particularly with a view to the steadily approaching end of the period of guaranteed income.

The School quite soon had good evidence that it was succeeding in its purposes. Its students were more numerous, its graduates were doing well, and businessmen were showing more interest. The financial burden put on the organization by this growing success, however, constantly threatened to outweigh increases in revenue through tuition and gifts.

Three special gifts received during the first five years helped to start the School driving in very important directions; they also serve to illustrate how the very fact of development opens up new needs to spend money for more development.

One of the gifts, received in 1909-1910, was the sum of eight hundred and fifty dollars contributed by four donors to start a student loan fund. The funds for student aid grew, but not without great effort, until finally the School could announce that no young man need be kept out of the School for financial reasons.<sup>2</sup>

Another early gift, from A. W. Preston, President of the United Fruit Company, to provide instruction in the course in Economic Resources of Central and South America, enabled the School to set up a traveling fellowship. The gift had a net income of 1333 dollars the first year and 2000 dollars for each of the next four years. Dr. Sheldon O. Martin, a new member of the Faculty, spent the year 1910-1911 in South America studying resources and trade there, and Mr. Cherington did research for his courses in the United States and Central America. Thus was field work, which has proved indispensable to the School, begun. Field work also has proved

<sup>2</sup> See Chapter X, pp. 281-282.

costly, another activity for which ever-increasing funds had to be provided.

The third special gift marked the beginning of organized research at the School. In 1911 it was decided that the School should have a "Research Bureau" to undertake to set up statistical measurements in the distribution area, and a special gift of 2200 dollars from Mr. A. W. Shaw, the Chicago publisher, financed the initial steps of that venture. Here again a start was made on work that was to prove vastly important in the School's development, and very costly. The small gifts for "Library and Books" also could be cited as other cases in point.

As the end of the five-year subscription period approached, with Dean and Faculty seething with ideas about new activities to engage in, the School's financial position certainly justified a feeling of anxiety. The search for funds intensified.

In the spring of 1911 the Visiting Committee<sup>3</sup> had reported favorably to the Board of Overseers on the work of the School. In its report the Committee stated:

The School has received and deserves the increasing confidence and support of the community and above all of Harvard alumni interested in the progressive spirit of the University. It will require by the academic year 1913-1914 merely to continue on its present footing, an annual income of from forty to forty-five thousand dollars in addition to the estimated receipts from students. The additional income would be needed for inevitable increases of salary and expenses, and one additional professor of accounting. No provision would be made for a building or for the desirable enlargement of the School's Library, or for new courses suitable for the specialized work of the second year. If the School is to succeed in developing its novel methods of instruction, it must continue, with the growth in the number of students, to increase proportionately its teaching staff. Its instruction must be both individualized and specialized, and therefore is always likely to be expensive. Your Committee believes, therefore, that measures

<sup>3</sup> This committee had been appointed by the Board of Overseers to observe what was being done in the School, to advise, and to help. Similar committees were appointed for other schools and departments of the University. This was an old custom.

should soon be taken to raise an adequate endowment for the School.

The theme of that statement, with variations in its detail, was to be repeated over and over by Deans and Visiting Committees for forty years.

In 1912 the School received its first gift for endowment: one hundred and twenty-five thousand dollars from Mr. Edward Cogswell Converse to endow a Professorship of Banking. Mr. Thomas W. Lamont was largely instrumental in obtaining that gift. Two years later, Mr. Lamont and Mr. Howard Elliott, who was Chairman of the Visiting Committee, raised one hundred and twenty-five thousand dollars from friends of James J. Hill, to endow the James J. Hill Professorship of Transportation. Subsequently Mr. Hill himself gave the School an additional one hundred and twenty-five thousand dollars for endowment, the income from which was to be available for general purposes until required for the further development of courses in transportation.

In 1912-1913 a total of 35,320 dollars was added to the endowment fund through gifts from twenty donors. The amounts of those gifts ranged from twenty dollars from "A Friend" to ten thousand dollars from members of the Straus family in New York. In the next four years additional gifts for endowment, besides the Hill funds, amounted to 37,900 dollars. Thus, in the period from 1912 to 1917, the total amount raised for endowment was 456,379 dollars. The endowment income was a most welcome addition to the School's resources and constituted a promising start toward assuring the School's permanency. Additional funds, however, also had to be secured to meet the prospective current deficits.

In his annual report for 1914-1915 Dean Gay stated: "The finances of the School have not yet been placed upon a permanently satisfactory basis. Until the endowment is adequately increased, provision has been made for a five-year period by some of the friends of the Harvard Business School to meet the annual deficit to the extent of fifteen thousand dollars," That guarantee was a lifesaver, since it enabled the Dean to devote more of his efforts to the search for endowment funds.

The heaviest item of expense in operating the School, as shown by the data in Table 1, was for Instruction — that is, Faculty salaries and fees paid to outside lecturers. Throughout the period 1908–1917 Instruction expense constituted over 70 per cent of the total expense. Although the percentage of Instruction expense declined from 82.0 per cent in 1909–1910 to 70.2 per cent in 1916–1917, the dollar amount of that item more than doubled during the period as a result of additions to the Faculty and academic promotions.

Table 1 also indicates the growing importance attached to Research, to the Library, and to student aid. The expense incurred for the Library varied from year to year; it was at its highest point, 7.5 per cent of the total, in 1916–1917. Awards to students ranged as high as 4.3 per cent in 1914–1915 and then declined to 2.2 per cent in 1916–1917. The expense for Research, which was first incurred in 1911, rose to 10.5 per cent of the total in 1916–1917, and was then the second largest class of expense. The Administration expense also varied from year to year; in 1916–1917 it was 9.7 per cent of total expense.

In recent years I have been asked frequently, by men interested in starting business schools in other countries, about the early financial experience of the Harvard Business School. As the foregoing summary indicates, during the first five years of the School's existence it was an arduous struggle to get the School organized into a going enterprise. During the next five years it was fully as tough a struggle to find the financial means for enabling the School to survive. It should be noted also that the struggle for funds, as the Visiting Committee pointed out in 1911, did not include any provision for buildings. The old burrowing arrangements continued.

### *The Students*

As the data in Table 2 show, the number of regular first-year students increased slowly for the first four years, then jumped substantially in 1912–1913. Another considerable increase took place in 1914–1915, and again in 1916–1917. The figures for 1917–

TABLE 2

## HARVARD GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

## Enrollment Statistics — 1908-1909 to 1917-1918

Year	1st- Year Students	2nd- Year Students	Total Regular Students	Special Students	Grand Total	Harvard Graduates	Graduates of other Colleges	Colleges Represented	Foreign Students
1908-1909	33	—	33	47	80	42	16	14	2
1909-1910	42	8	50	41	91	42	23	19	7
1910-1911	43	10	53	41	94	43	25	22	4
1911-1912	55	10	65	31	96	46	31	24	7
1912-1913	77	11	88	32	120	49	52	42	5
1913-1914	67	32	99	18	117	39	73	47	4
1914-1915	108	27	135	31	166	50	104	64	9
1915-1916	117	40	157	33	190	30	143	71	6
1916-1917	142	50	192	40	232	57	158	84	13
1917-1918	42	30	72	25	97	19	66	58	13

1918 reflect, of course, the effect of World War I. Beginning with 1912, a sharp increase in the number of students from colleges other than Harvard also is to be noted.

The increase in enrollment of regular first-year students in any one year is not readily explained, but the over-all growth for the first nine years can be attributed to the progress which was being made in improving instruction, to the competency which graduates were showing in their jobs, and to the growing interest of businessmen, resulting in no small part from the School's field research work.

For the first five years, only about one fourth or one fifth of the regular students who entered the School returned for the second year. Some of those who entered fell by the wayside during the first year and were not eligible to return, but those casualties accounted for only a fraction of the loss. Since the School was an experiment, a considerable number of students entered with an expectation of staying for only one year. That was as much of a risk as they or their parents were disposed to venture. Then, too, some of those who otherwise might have returned obtained summer work in positions which seemed so attractive to them that they decided to stay there. And by no means least in influence was the fact that the second-year program of instruction developed more slowly than the first-year program. At the outset the advanced work was not so clearly differentiated from the elementary work as it came to be in later years. Starting in 1913-1914, the percentage of eligible first-year students who returned for the second year began to show a notable increase. New second-year courses had been added, and the value of the second-year work was coming to be recognized both by students and by employers. The increase in the proportion of students from colleges other than Harvard also influenced second-year enrollment, as many such students wanted to obtain a degree from a Harvard institution.

The regular students from the outset were a representative cross-section of American college youth. Some came from well-to-do families, some from families of small means, but still more from middle-income-group families. Statements have been made from

time to time by uninformed outsiders to the effect that the Harvard Business School was established primarily to provide training in handling their investments for the sons of Boston trustees or the sons of wealthy Harvard Alumni. Those statements are not true. The School was not in any sense an enterprise designed for a particular social or economic class. The purpose of the School from the beginning was to provide an opportunity for professional training in business administration for college graduates.

The number of special students was greater in 1908-1909 than in any subsequent year. The decline in enrollment of special students was the result of Faculty policy. Special students had been admitted partly as a service to the local community but chiefly to help fill the ranks while the School was getting started. But piecemeal programs were judged undesirable as a permanent method of providing professional education.

During the first ten years of its existence the School provided no living accommodations for its students. Some students lived at home. A few had rooms in Harvard dormitories. Others lived in private dormitories in the neighborhood of Harvard Square. A larger number took rooms in private homes or in rooming houses scattered around Cambridge. Some took their meals in the Harvard dining hall, others "ate around" in restaurants and boardinghouses. The students had no organized arrangements for living.

Classes were held in the classroom buildings in Harvard Yard wherever they could be sandwiched in between college classes. A School Library was started in Gore Hall, the old University Library, and in 1910 when Gore was torn down to make room for Widener Library the School's collection was moved to Lawrence Hall, the building where the Lawrence Scientific School had been started years before. One of the small rooms in Lawrence Hall was equipped to serve as a reading room for Business School students. Shortly thereafter another room, across the hallway from the reading room, was assigned to the Business School Club, a student organization which had been formed in the second year of the School's existence. That room was furnished as a place for study and for club meetings, and it served as the social center for the students.



Summer employment is an aspect of the early program of the School which merits at least brief mention. In the first catalogue the following statement appeared:

Students are strongly advised at the end of the first year to secure employment during the summer vacation, wherever possible, in the branch of business for which they are preparing themselves in the School. In this way they may not only serve before their graduation a portion of the inevitable and essential period of apprenticeship and obtain that contact with men at work which is so valuable a portion of education, but also through experience of the conditions in their profession they may choose more definitely the direction of their specialized work during their second year. Leading businessmen in various lines have already expressed their willingness to give summer employment to students of the School and to cooperate by returning at the end of the period of employment a report on the work of the student.

The following year summer employment became a stipulated requirement for all students returning for the second year, with a provision that under special circumstances the requirement could be waived by the Dean. Few exceptions actually were made, however, and summer employment continued to be required of students in the School during much of the following half-century.

### *Trends and Experiments*

Not many people enjoy the search for funds, I think, but even if some do Dean Gay was not among them. His interest lay with the development of the work and activities of the School.

The earlier discussion of finances indicated four important directions in which the growing School was moving: organized research, field research, financial aid to students, and library development. Inasmuch as these activities are discussed in later chapters, they will not be described here. I would like to point out, however, that what was accomplished in these areas during Dean Gay's administration was of great significance in extending the base of enrollment, in improving instruction, and in gaining the interest and cooperation of the business world. Some developments in

other directions during the first ten years are discussed in the following pages.

#### THE DEVELOPING CONCEPT OF BUSINESS ADMINISTRATION

In 1909-1910, the second year in which the School was in operation, the curriculum remained substantially the same as in the preceding year except for the addition of several advanced courses and a few other changes. Second-year courses were offered in Accounting; Commercial Law; Economic Resources of the United States; Industrial Organization; Banking; Railroad Operation; Actuarial Practice (in life insurance); and Fire Insurance Engineering. Several of the specialized courses offered during the previous year were suspended, at least temporarily, and two new half-courses in economic resources were added. One was Economic Resources and Commercial Organization of Central and South America, given by a group of about fifteen lecturers. The other was Economic Resources and Commercial Policy of the Chief European States, which I gave. That was my first independent teaching experience, but it was only a temporary assignment for me. I spent the next year in Europe on research, chiefly in the cotton manufacturing industry, and the year after that I had a teaching position in New York. It was not until 1912 that I returned to the School.

The decisions which had been made in 1908-1909 had fixed the base from which further developments in the Business School took off. Thereafter, until the work of the School was disrupted by the entry of the United States into war in 1917, changes were continually occurring. Attention here is directed to certain types of change and to innovations which started new trends.

First, perhaps, should be noted the demise of attempts to provide specialized training for the government service. The course in Administration of Municipal Business offered in 1908-1909 was listed in the catalogue again the following year, but bracketed — that is, temporarily suspended. That was its final appearance. In the catalogue for 1909-1910, the following statement appeared: "The School also offers courses which, together with those in other

departments of the University, give ample equipment for the examinations now required for admission to such branches of the government service as the consular and insular services." That statement appeared in the catalogue for three years and then was dropped. A gesture had been made toward specialized training for the government service, but very few students were interested in it. Reference to the courses in German, French, and Spanish correspondence was discontinued in 1910-1911. The students were not interested.

*Experimentation with Specialized Courses.* In the experimentation which had to be undertaken to ascertain the subjects in which instruction could be given effectively, one line of procedure was to try out courses in specialized fields. Although the Dean's views carried great weight in the final decision, each proposal for a new course was submitted to the Faculty for discussion and approval before any recommendation was made to the Corporation for the appointment of an instructor for such a course.

In 1911 a course on Business Practice in Printing was added to the curriculum. That step was followed in 1913 by the addition of a course entitled Introduction to the Technique of Printing. The fact that Harvard had a printing plant available for experimental work and that the director of that plant could aid in the instruction in the course contributed to the decision to make those additions. Furthermore, special gifts amounting to more than seven thousand dollars were received from a group interested in the subject. These courses dealt chiefly with the techniques of printing and with the problems of printing-plant operation, not with financial, marketing, and other administrative problems which are encountered in running a publishing business.

In 1913-1914 a course was introduced on Work and Methods of Trade Associations. That course was concerned primarily with the work of secretaries of chambers of commerce. The following year the title was changed to Chamber of Commerce Work and Methods, and an advanced course was added. As I recall the discussions, the controlling argument for the establishment of instruction in this

field was the anticipated influence of the Chamber of Commerce of the United States, which had been founded in 1912, in raising the dignity and effectiveness of the work of secretaries of local chambers of commerce. Despite misgivings on the part of some members of the Faculty, it was decided to try the experiment. The experiment was terminated when the School's activities were upset by World War I. In 1914-1915 specialized instruction was further increased by the addition of courses in Public Utilities Operation, Lumbering, and Water Transportation.

The specialized courses obviously were not all on the same pattern. But in character they were in contrast to the courses dealing with management functions and general administration, which were developing concurrently.

*Trend Toward General Management Courses.* The changes which took place in the titles of several courses, especially in the years 1912-1913 and 1914-1915, are indicative of the progress being made in gaining a comprehension of the task on hand. Many of the changes in titles reflected changes in the aims of the courses. Emphasis more and more was being placed on the professional rather than the descriptive or philosophical type of instruction.

The title of the course in Industrial Organization was changed to Factory Management, and another course, specifically entitled The Taylor System of Management, was listed in 1914-1915. The shift to the use of the term "management" instead of "organization" is noteworthy.

In another field, changes which went far beyond modification of title were under way. In 1911-1912 the title of the course in Economic Resources of the United States was modified to Economic Resources and Commercial Organization of the United States, but the course content remained much the same that year. In 1912-1913, the title was further modified to read Commercial Organization and Methods of the United States — Domestic; and the previous elective half-course on Commercial Organization was dropped. The dropping of the term "Economic Resources" from the title was indicative of the trend away from descriptive instruction and

toward an analysis of managerial problems. During 1912-1913, under the prodding of Dean Gay, a substantial start was made in switching the instruction to operating problems. As one of the instructors in the course that year I became only too familiar with the difficulties of making the switch.

In 1914 the title of the course which had started as Economic Resources of the United States became Marketing. Although that term had been used in a few other schools of commerce prior to 1914, it had been applied there especially to trade in raw commodities. In the usage which was adopted at the Harvard Business School in 1914, and which shortly thereafter became common throughout the United States, Marketing comprehended the whole process of physical distribution, demand activation, merchandising, pricing, and other activities involved in the exchange of products and services. Marketing continued to be a required course. Parenthetically, it may be worth noting that as late as 1954 in Germany, Italy, France, and several other European countries there was no word in the respective languages which corresponded to "marketing" in American use.

Two other steps were taken in the early teaching program of the School which were particularly significant from the standpoint of professional instruction in the general management area. The first step was the introduction of a course in Business Policy, in 1911-1912. The concept of that course grew out of long discussions between Dean Gay and Mr. Shaw. Mr. Shaw had spent much of the academic year 1910-1911 at Harvard and, in the fall of 1911, had become a member of the School's Administrative Board and Lecturer on Commercial Organization.

Business Policy was a second-year course; its purpose was to develop an approach to business problems from the top management point of view and to tie together the departmental courses of the first-year program. Instruction consisted partly in lectures by Mr. Shaw and outside businessmen and partly in the writing of reports on specific business problems. Mr. Shaw undertook to induce each businessman lecturer to present a problem from his own experience. The students wrote reports on these problems, and the

reports were read and then commented on in class by the lecturers. The problems thus presented were the first real business "cases" used in the School. Business Policy during Dean Gay's administration was not a required course, but it was taken each year by over 70 per cent of the second-year students.

The second additional step in developing instruction in the general management area was the starting, in 1912-1913, of instruction in Business Statistics. Dean Gay decided in the spring of 1912 that a half-course should be added to the curriculum to deal with the utilization of statistical methods in the analysis of business problems and in the administrative control of business operations. He invited me to return to the School to start that course, to participate in the instruction in Commercial Organization, and to assist him once more in his course in Economic History in Harvard College.

As an indication of student interest in problems of general administration, the enrollment data for the Business Statistics course, I believe, have some pertinence. Whereas the enrollment in the specialized industrial courses at that time typically was six or less students per course, the enrollment in Business Statistics was 17 the first year, 15 the second year, and over 60 in the third and fourth years that the course was given. The heavier enrollment in Business Statistics did not indicate, I am sure, that the instruction in that course was better or that the grading was easier than in the specialized industrial courses. The difference in enrollment reflected a tendency for the students to gravitate to courses dealing with functions which cut across many industries rather than to courses which dealt with the specialized techniques of particular industries.

The Visiting Committee also approved the trend toward non-specialization. It stated in its report to the Board in 1915: "While approving the experiments the School has been making with courses of a quasi-technical character, training men for particular businesses, the Committee believes that the chief emphasis in instruction should continue to be laid on fundamentals, as exemplified in such courses as those in marketing, factory management, account-

ing and statistics, business policy and finance." The Committee also referred to "the increasing attention being given to the vital human relationships in business." And it added: "The Committee feels that it is desirable to give increasing attention to the great modern problems of labor and of relations between government and business." That was in 1915. The Chairman of the Visiting Committee that year was Mr. Howard Elliott, President of the Northern Pacific Railroad.

In 1915-1916 another nonspecialized course was added — one which, like the statement of the Visiting Committee just quoted, significantly foreshadowed later developments in the curriculum of the School. The course was called Social Factors in Business. It was given by Dean Gay and Mr. Shaw and was open only to second-year students. The introduction of this course indicated the concern which Dean Gay felt for developing a sense of professional responsibility among the students.

Social Factors in Business was given as a separate course for only one year. In 1916-1917 the Dean, because of Faculty exigencies, took over the leading role of instruction in Business Policy. As Mr. Shaw took on new interests, as was his wont, his assistant, Dr. Martin, had borne more and more of the responsibility for Business Policy until in 1915-1916 he was in full charge. Dr. Martin, however, resigned from the Faculty in 1916 and, as there was no one else available to take over the Policy course, Dean Gay stepped into the gap despite his heavy administrative burdens and his continuing work in Economic History in Harvard College. He gave up the separate course in Social Factors in Business, but he acquired an opportunity to present the social point of view to the students in the second-year course with the largest enrollment.

While several specialized industrial courses were added to the curriculum of the School during the first ten years, the trend of enrollment was strongly to courses which dealt with the elements of administration in business generally. The reasons for that trend, I believe, were chiefly three:

First, there existed handicaps to employment and advancement in administrative work in some of the industries for which special-

ized instruction was offered. Seniority rules and traditions, for example, made advancement discouragingly slow for young men in the railroad and commercial banking businesses of that time.

Second, a large proportion of the students wished to keep open as many doors as possible to job opportunities. To them, at least, training in the courses dealing with the elements of administration seemed to lead to the more promising opportunities for employment.

The third reason was the intellectual stimulus which many of the students seemed to find in tackling the administrative problems to be found in a variety of industries.

Many details necessarily have been omitted from the foregoing account of the developments of the instructional program during the first ten years; but even this compressed record indicates the process by which a workable concept of administration was being carved out of experience. Let us turn now to some of the other moves that were being made during that period.

#### TRENDS IN METHODS OF INSTRUCTION

Intertwined with the question of *what* to teach was the question of *how* to teach it. The trend toward courses dealing with elements of administration was one thing; the trend toward the presentation of teaching material in problem rather than descriptive form was another; and the question of lectures versus class discussion was still another.

Although Dean Gay from the beginning had been interested in having instruction based on analysis of business problems, with full classroom discussion, progress toward that goal necessarily was slow. That method was not one with which most members of the Faculty were acquainted; they were used to the lecture method. Nor for most courses was problem material readily available. Neither was it established that instruction through classroom discussion was effective for teaching business subjects.

In 1912 the Dean decided to conduct an experiment with the discussion type of instruction, using me as an unwitting agent. The experiment consisted in arbitrarily dividing the required Commercial Organization course in two equal sections with Professor



Cherington teaching one section and myself the other. Both sections were to take the same final examination but my section was to be fully discussional while Mr. Cherington would give his stimulating lectures as usual.

It was not until about ten days after classes opened, however, that I discovered this aspect of my task. As I was walking across Harvard Yard from the classroom, I encountered Dean Gay on the steps of Gray's Hall, where he then had a study.

The Dean asked me how I was getting along in Commercial Organization.

"Oh, I have found enough to talk about so far," I replied, feeling rather proud, as this was a new course to me and I had had little time to prepare for it.

"That is not the question," said the Dean. "Have you found enough to keep the students talking?"

That ended my lecturing. From that day on, I undertook to conduct all my classes, not only in Commercial Organization but in other subjects as well, by classroom discussion.

Not until many years later did I learn that the Dean had had such a scheme in mind when he invited me in the spring of 1912 to return to the School. He took a calculated risk in that experiment. He knew that I had a keen interest in his efforts to develop the problem-discussional method of instruction, and I had worked with him long enough in his own course for him to have found that I would be amenable to his suggestions. But whether I could handle such an assignment, especially in a subject that was new to me, obviously was an open question. The real test, of course, was whether the students would stand for the experiment. If I failed, the reaction of the students, half of the first-year class, might cause serious harm to the School. Fortunately the students assigned to my section took it like good sports and patiently shared my stumbling efforts to carry on the classwork by discussion, and we all survived.

Another thread in the developing program of instruction in the School was the written work. Practically from the start written assignments of one sort or another constituted part of the instruction

in many of the courses. In some instances term reports were required; in others shorter assignments were made. And then there were the graduation theses.

Starting with the first class, the one which graduated in 1910, the Faculty required that each second-year student, as a condition for graduation, should "submit a thesis dealing with some concrete problem in the business which he plans to enter and embodying the results and conclusions derived from his original investigation of actual business conditions." That requirement of a graduation thesis continued until 1922. It was not, however, one of the more satisfactory experiments tried.

Some excellent theses were written, to be sure, and many students profited from their experience in field research. But the net result was of questionable value. The selection of a suitable subject for a thesis on which firsthand data could be secured frequently was difficult. It was not easy, furthermore, in all cases to provide the sort of guidance and supervision which green hands need when they undertake to do research. Even competent students need a lot of coaching to enable them to carry on research effectively, and such coaching takes more time than ever was allowed for it in the School schedule. As the number of students in the second-year class increased, the task of supervising the thesis work became so great as to constitute an unduly heavy burden on the Faculty.

The most significant development in connection with the written work of the School, however, was the English requirement. In the first catalogue it was stated that a good command of English would be expected of applicants for admission to the School. At the outset, however, this was more of a pious hope than an actual requirement. A large majority of the students who entered the School in the early years, like many other college graduates from that day to this, did not write clear, grammatical English. The Faculty was aware of the situation and unhappy about it, but took no action until prodded into it by employers. A considerable number of employers began almost immediately to complain to the Dean in some such words as these: "How on earth can you grant a degree to a student who

writes English so miserably?" The employers would accept no alibi. They would not permit the School to throw the blame for faulty training in English back on the colleges or the homes of the students; they took the position that when the School granted a man a degree, it placed its stamp of approval on him, including his use of the English language.

The Faculty voted in 1914 to provide instruction in English for all first-year students in the School, and, when necessary, for second-year students. This instruction in the first year was to be given in connection with the course in Marketing. The marketing students were to write a report on an assigned problem about every two weeks. Those reports then were to be read and criticized constructively not only by the instructor in the course but also by an instructor in English. That was the beginning of the system of written reports, which has featured so prominently in the lives of students in the School.<sup>4</sup> The Faculty vote also provided that thereafter any student who failed to reach a passing grade in English by the middle of his second year would not be recommended for a degree.

#### DOCTORAL DEGREE

In 1916 provision was made in the Department of Economics under the Faculty of Arts and Sciences for a course of study leading to the degree of Doctor of Philosophy in Business Economics. That course was intended primarily for men interested in becoming teachers in the business field. The proposal originated in the Business School, but the time was not ripe then for the School to set up its own Doctor's degree, and the Faculty of Arts and Sciences, under the laws of the University, had the sole right to grant the Ph.D degree. Consequently a cooperative plan was worked out whereby the Department of Economics administered the degree and the teaching staff of the Business School cooperated in the program. Not much headway was made in this undertaking before academic work was disrupted by World War I. The program for the Ph.D in

<sup>4</sup> See also Chapter XI, p. 299.

Business Economics was continued even after the Business School established its own doctoral program in 1922.<sup>5</sup>

### *The School Gains Independent Status*

When the Business School began operations it was placed, as has been stated, under the Faculty of Arts and Sciences. While Mr. Eliot was President, and also during at least the first half of President Lowell's term of office, the President actually was the direct administrative head of the Faculty of Arts and Sciences even though a distinguished professor held the title of Dean. President Lowell made that statement to me flatly several times in 1919 while I was making a personal survey for him of the administrative organization of the University. In retrospect, it is my conclusion that because of this special circumstance the placing of the School temporarily under the Faculty of Arts and Sciences had no appreciable effect on the standing of the School or on its operations. Actually the School had to stand or fall on its own achievements.

If the Dean of the Business School had been in practice subordinate to the Dean of the Faculty of Arts and Sciences, however, the situation could have become an onerous if not an intolerable one. From an organizational standpoint, *in principle*, Dean Gay's recommended arrangement for placing the new Business School under the Faculty of Arts and Sciences was not a sound one.

The advantages gained from placing the Business School in that subordinate position were not substantial. I am not aware that any man was led to join the teaching staff of the School by the inducement of temporary membership in the Faculty of Arts and Sciences. The cooperation between the School and other branches of the Faculty of Arts and Sciences depended on relations other than those of mere association within that body. The anticipated close relationship between instruction in the Business School and in the College did not materialize. And the students and public at large were not concerned with the organizational setup, and would not have understood what it meant if they had been.

<sup>5</sup> See Chapter IV, p. 98.

Once in operation, the teaching and administrative staff of the School had organized, informally, as an Administrative Board. This board held its own meetings and made all important decisions affecting the policy of the School. In 1910 the Administrative Board was given formal recognition. On April 25 of that year, the Corporation voted to establish an Administrative Board for the School, consisting of all the members of the staff who held Corporation appointments. This action was taken by the Corporation on the basis of an understanding recorded in an accompanying memorandum, which stated:

It was understood by the Corporation, in appointing an Administrative Board of the Graduate School of Business Administration, upon the recommendation of the staff of that School as communicated in a letter from Dean Gay to the President, dated April 23, 1910, that the Administration of the School by such a Board should be a temporary arrangement, terminating with the year 1911-12, when a separate Faculty should be organized for the School, provided the means for continuing the School are then found.

The action of the Corporation gave formal recognition to the practice under which the School actually had been operating. In the preceding pages reference has been made frequently to the "Faculty" of the School. In strict accuracy the School had no Faculty during those early years, only a staff organized, at first informally and then in 1910 formally, as an "Administrative Board." The term "Faculty" has been used merely as a convenience.

Despite the understanding stated in the memorandum quoted above, it was not until June 19, 1913, that the School was placed on an independent basis with a separate Faculty. Thereafter the Faculty of the Business School was a formal reality. The delay in giving the Faculty independent status arose primarily from financial problems.

At an early date the Faculty had begun to hold its business meetings, preceded by dinner, at the Colonial Club. After the Faculty was given independent status, the President of the University usually attended the dinners and presided over the meetings. These

Faculty meetings, with the informal conversation which accompanied dinner, were an especially pleasant feature of life at the School. Dinner Faculty meetings were not common practice in other departments of the University, but in the case of the Business School they contributed substantially to the social unification of the Faculty. Dinner Faculty meetings continued to be the general practice until after World War II when the Faculty became so large that only a few of the meetings each year were dinner meetings. The Faculty wives also had their dinner meetings. These began quite casually in 1914 when my wife, Else, invited the other Faculty wives to an informal dinner at our home on the occasion of a Faculty meeting. Thereafter the wives rotated as hostesses until central facilities for Faculty wives were provided at the School's Soldiers Field plant.

### *Dean Gay as an Administrator*

The period of Dean Gay's administration was one of somewhat turbulent change. As has been pointed out, 1908 was a year of depression, "muckraking" of business was prevalent, and new governmental regulations were being proposed. In 1912 came the Wilson-Taft-Theodore Roosevelt political campaign, to be followed by the establishment of the Federal Reserve System and the passage of the Clayton Act and the Federal Trade Commission Act. In 1914 there was another incipient business recession which soon was overshadowed by the outbreak of war in Europe. The stimulus to American business activity caused by the war, together with the credit expansion facilitated by the new Federal Reserve banking system, resulted in a rapid rise in prices and popular and political agitation over the high cost of living. From August 1914 to April 1917, the war in Europe was drawing ever closer to this country.

The entrance of the United States into World War I marked the virtual end of Dean Gay's Administration. In December 1917 he was granted a leave of absence to undertake a major task for the United States Shipping Board in Washington, and that assignment was followed by others of increasing responsibility. He completed

his work in Washington in June 1919, and shortly thereafter he resigned from the University to become president of the New York *Evening Post* Corporation.

It is hoped that the foregoing account of the founding and growth of the Harvard Business School, 1908-1918, has shown the range of administrative problems faced by Dean Gay. Dean Gay started with no previous administrative experience and he received, at most, only a modicum of assistance from his superiors in learning how to handle his administrative job. He was given a sink-or-swim assignment. He not only had to guide a faculty that was in the process of learning how to provide instruction in *business administration* but at the same time he, himself, had to learn, by trial and error, the rudiments of *educational administration* and the art of raising money.

In undertaking to comment objectively on the manner in which Dean Gay handled those administrative problems, I am perhaps handicapped by my own feelings. I had great admiration and personal affection for Edwin F. Gay, and I owe him an immeasurable debt of gratitude. While I was a graduate student at Harvard he and Professor Taussig were my most inspiring teachers and my intellectual disciplinarians. While I was a young instructor in the Business School, Dean Gay was a friendly counselor; he always found time to listen to my problems and to give me helpful suggestions and encouragement. I was a member of his team, and as such I had a strong feeling of loyalty to him which has lasted through the years.

In 1935 Mr. Gay wrote: "It is one of my serious regrets that I ever undertook the deanship of the Business School."<sup>6</sup> His decision to accept that position was indeed a more momentous one than he realized at the time. The choice, essentially, was between the life of a scholar and the life of an administrator. It was not a clear-cut decision, because Dean Gay undertook to continue as a teacher of economic history and a tutor of graduate students while carrying out his administrative duties. Nevertheless he did not then realize, as many other academic persons have not realized, the incompati-

<sup>6</sup> Heaton, p. 6.

bility of scholarly study and administrative work. The hour-to-hour and day-to-day pressures of administrative tasks interfere inevitably with the concentration which is required for scholarly work, and in the administration of a new enterprise that interference was bound to be serious and prolonged.

When Professor Gay blamed his acceptance of the deanship for his subsequent distractions from scholarly work, however, he was not quite realistic. His record shows that while he was Dean of the Business School he participated actively in the affairs of several time-demanding and energy-consuming committees of a public or semipublic nature. They were all worth while, intrinsically, but it was not imperative that he take part in them and they were distractions from academic work. Years later, after his outstanding achievements in Washington in World War I, his unhappy experience with the *New York Evening Post*, and his return to academic life at Harvard, he still showed the same habit of becoming involved in numerous distracting undertakings. In 1929, for example, "he was actively participating in the work of twenty-eight organizations or permanent committees."<sup>7</sup> Four or five years later, shortly before he retired, he told me personally that his secretary had just made another count and found that he was then active, as I recall it, in thirty-five such organizations and committees. My conclusion is that it was not the deanship of the Business School which was responsible for Mr. Gay's distractions, but a chronic and deep-seated inability to resist the temptation to throw himself continually into new and seemingly vital social enterprises.

The fact is, as I see it, that Mr. Gay had two characteristics, each in large measure, which seldom are combined in one individual. On the one side, he had deep and thorough scholarly instincts — as evidenced, not by his own writings, but by the doctoral theses and other works written by graduate students and research workers under his aegis. He inspired them to do something which he himself had not done: to put down in black and white the results of their studies and research and to have those results published. And he

<sup>7</sup> Heaton, p. 217.



insisted on the observance of high standards of scholarship by those who worked with him.

On the other side, he was a social pioneer, a promoter if you will, who was tremendously interested in getting things done which would be socially beneficial immediately or in the near future. He had such wide interests, so much zest, and such unflagging energy that he could not resist the urge to participate in new undertakings. As Dean of the Business School he had occasion to meet, formally and informally, with many groups of businessmen and others who might aid in forwarding the interests of the School. Those appearances brought him wider and wider attention, and in that sense his acceptance of the deanship did lead him into distracting associations. I am convinced, nevertheless, that his pioneering instinct would have led him inevitably into many such undertakings, even if he never had become Dean of the School. I am convinced also that on the whole those very qualities which made Mr. Gay in such demand and led him to undertake so much were invaluable to the School in its formative stage.

During his administration, Dean Gay unhappily had some friction with President Lowell.

Friction had developed between President Lowell and himself over "a few points of internal policy" and over the President's dislike of a special endowment campaign for the Business School at a time when he wished to embark on a general drive for funds. Lowell sent for Gay some time in 1912, suggested that he resign his deanship at once, and announced that a successor, already picked by him, had been informally approved by the Corporation. Gay refused to resign unless all the facts concerning the differences were first laid before the Corporation, took the initiative in doing so to an influential member of that body, and heard no more of the matter.<sup>8</sup>

In the archives of the University there is a note from President Lowell to the Corporation, dated March 25, 1912, in which the President stated: "I find I was premature today in thinking that Dean Gay intended to resign at the end of next year. He intends to

<sup>8</sup> Heaton, p. 85.

resign when he has got the programme of his school carried out, and that is likely to be two years."

From that note I infer that Dean Gay had said something earlier to President Lowell about resigning in 1913, perhaps because of certain differences between them, and that President Lowell had proceeded to make tentative arrangements so that Dean Gay's contemplated resignation could be made effective at an earlier date. When Dean Gay indicated that he was not ready to resign, the subject was dropped.

The friction between Dean Gay and President Lowell over financial matters arose principally, it appears from the evidence now available, over a question about soliciting endowment funds for the Business School from the General Education Board. In 1911-1912 the Dean was facing the prospect of a deficit in his budget when the five-year guarantee period terminated, and with his lack of experience in financing such an undertaking he was reluctant to forgo any promising opportunity to secure funds so urgently needed by the School. From a representative of the General Education Board he had some assurance that a request from the Harvard Corporation for endowment funds for the Business School would be looked upon favorably by the Board. President Lowell, on the other hand, apparently was skeptical as to the likelihood of the Board's making such a grant. The President, furthermore, was eager to obtain funds for freshman dormitories for the College, for new facilities for the Department of Chemistry, and for a new University Library building. Funds also were needed by other departments of the University, and the President was hesitant about giving priority to the Business School's needs. I surmise, furthermore, that the President figured that the Business School had a better chance than some other departments of the University to tap funds other than those of the General Education Board.

The Dean recognized that the President had a difficult task in weighing all the claims for financial aid which the various departments of the University continually were pressing upon him, but at times he felt that the President was not in full sympathy with

the Business School. At all events, no appeal was made to the General Education Board at that time for endowment funds for the School, and the Dean had to struggle painfully to keep his budget balanced.

As to the "matters of internal policy" on which it is reported in the Dean's biography that the President differed with the Dean, I have no information. In his talks with me at the time Dean Gay never intimated, so far as I can recall, that there was any real friction between himself and the President, but his silence may have been a matter of discretion.

Despite whatever differences there may have been between the President and the Dean, there is ample evidence, I believe, to show that President Lowell always was strongly in sympathy with the Business School. It was his letter to Professor Taussig which had crystallized the concept of the School and blueprinted some of its basic policies. He was one of the substantial contributors to the fund which enabled the project to get started. And after the School was given independent status in 1913 he regularly attended Faculty meetings and always manifested a keen interest in the work. All my own observations and experience indicate, to me at least, that President Lowell was at all times a strong supporter of the School. Consequently, I look upon the friction between President Lowell and Dean Gay, such as it was, as of an almost inevitable type bound to arise in the administration of a new educational enterprise within the framework of a large university. It was the kind of incident especially likely to occur under an organizational setup such as that of Harvard University, where administrative independence was not fully coordinate with assigned responsibilities.

A word probably should be inserted about certain advisory committees which Dean Gay organized or planned to organize. In his first annual report the Dean stated: "For the purpose of developing in a practical way the opportunities for instruction to those planning to enter the industrial field, it has seemed desirable to form advisory committees of businessmen representing various allied industries." The first such committee — from the textile industries — was formed in 1908-1909. The next year a similar committee

was organized on printing and publishing. The printing and publishing committee took a positive interest in getting the printing course started at the School and for a year or two was active. The textile committee, so far as I am aware, never rendered much assistance to the School. At all events, those were the only two committees from industry set up by Dean Gay. Working through such committees was too slow an educational process to meet the urgent needs of the School.

However, another committee, an informal one, was very helpful to the Dean. That was an advisory committee made up of the outside lecturers in the Business Policy course who lived in eastern Massachusetts. This informal group, starting in 1912 I think, met about every two weeks for lunch, usually at the old Exchange Club in Boston. At those meetings the Dean sometimes discussed with the group current or impending problems of the School. At other meetings members of the Faculty talked about plans for their courses or for research which they had under way. Since the members of the group were acquainted fairly intimately with the School and were sincerely interested in its development, those informal meetings provided an opportunity for obtaining frank reactions and comments. The group had no authority, of course, and reached no decisions, but it did help the Dean and some other members of the Faculty to crystallize their ideas and to get useful outside points of view.

There is a temptation for me to continue with a review of other incidents in the history of the School between 1908 and 1918. But the significant ones which have not already been mentioned will be referred to in later chapters. The evidence which has been presented shows how Dean Gay translated the general directive of the Corporation into concrete courses of instruction, with a selection of personnel and determination of policies to implement the directive. Some mistakes were made, of course, but none that were serious.

In the selection of Faculty personnel, the Dean's judgment was vindicated by the records of such professors as Cole, Sprague, Cunningham, and others, and such lecturers as Moors, Taylor,

and Barth. By enlisting the interest and enthusiastic support of Mr. Shaw, the Dean stimulated the introduction of the Business Policy course and the start of organized research.

Under Dean Gay, experiments were tried with specialized courses, some of which at least seemed to be in keeping with the original concepts of the founders of the School. Not all those special courses enjoyed lasting success, but those experiments probably were necessary and it was fortunate, I believe, that they were tried early. The main feature of the history of the curriculum during those early years, however, was the evolution of a group of basic courses covering the elements of administration, which eventually became the backbone of instruction in the School.

Dean Gay conceived the "problem method" of instruction and succeeded in having some progress made in the implementation of that concept. Under his leadership, too, several policies were inaugurated which, with incidental modifications, remained in force for years to come. Examples of those policies are the student loan fund, the requirement of frequent written reports by students, and summer employment.

By no means the least of Dean Gay's accomplishments was his success in arousing the interest and enlisting the support of the influential Visiting Committee. With the help of that committee, supplemented by aid from other sources, the budget of the School was kept in balance and a start was made in raising funds for its endowment.

## CHAPTER III

# New Plans and a New Plant

DEAN DONHAM'S ADMINISTRATION, 1919-1927

### *Background: World War I Period*

For the Harvard Business School, World War I was a period of frustration and partial disintegration. In the fall of 1918, enrollment had dropped to eighteen first-year students, six second-year students, one unclassified, and seven specials. Ten of the regular students were from foreign countries, chiefly the Orient. Although several special wartime courses had been offered, the enrollment in them was not large. Dean Gay and all but three members of the Faculty had taken leaves of absence or resigned.

As soon as the Armistice was signed, in November 1918, plans had been started, under the direction of Acting Dean Schaub, for reactivating the School, and a special session was arranged to accommodate men being released from the armed services. That session ran from January 27 to August 30, 1919, and provided for a full academic year of instruction. Enrollment was 127.

### *Dean Donham: Situation Faced*

In November 1919, Mr. Wallace B. Donham assumed office as the second Dean of the Business School. Mr. Donham was born in Rockland, Massachusetts, in 1877. He graduated from Harvard College in 1898, having completed the course in three years, and from the Harvard Law School in 1901. While a student in the Law School he served for two years as assistant to Professor A. Lawrence Lowell in his course in Government in Harvard College. After grad-

uation from the Law School, Mr. Donham entered the legal department of the Old Colony Trust Company in Boston, and in 1906 he was elected a vice-president of that company. It may be recalled that in 1908-1909 Mr. Donham had appeared as a lecturer in the course on Corporation Finance at the School. In 1918-1919, he served as receiver for the Bay State Street Railway Company, which had become involved in serious financial difficulties.

At a Faculty dinner in honor of Mr. Donham on the occasion of his twentieth anniversary as Dean of the Business School, President-Emeritus Lowell explained why he had chosen Mr. Donham in 1919 to be Dean.

I knew Donham from the days when he was a student in College. He took a course of mine, and I was a member of the committee that examined him when he came up for honors at the end of his course. He made a deep impression upon us all because of his ability, his readiness, and his intelligence, and we gave him highest honors. When his predecessor left the position open, my mind turned at once to Donham. . . . I offered him the position and he accepted at once. . . .

I found that his ideas were extraordinarily like mine in a general way, in dealing with the problem as to what a professional school should be. He felt that it should have its own atmosphere, its own temperament, its own standards, its own loyalties. I knew, of course, that it would make some people uncomfortable, but the business of education is making people uncomfortable. In any case, I have not heard anyone say that the project did not succeed. I am extremely proud of the work that has been done. We established an entirely new professional school. There was nothing like it anywhere, and I followed its progress with very active interest. . . .

I must say, of course, that all honor is due to the first Dean. He had a really difficult task in getting the School started and he laid the foundation for Dean Donham; and without that foundation it would have been impossible for Dean Donham to proceed. I was heartily in sympathy with Donham's idea of changing the spirit and teaching of the School, because that seemed to be the proper way to set up a professional institution.<sup>1</sup>

<sup>1</sup> *Bulletin, Harvard Business School Alumni Association*, February 1940, pp. 83-84.

Thus, when Mr. Donham became Dean of the Business School, he had a legal training, eighteen years' experience in business, and the full confidence of the President of the University.

In November 1919 inflation was rife, living costs were high, and labor disputes were prevalent. The country then was at the peak of the business boom which followed World War I. In less than a year's time, however, the boom collapsed; a shortage of labor was superseded by widespread unemployment, with lines at the soup kitchens; and in numerous industries where buyers had been scrambling for scarce materials excess supplies suddenly appeared on the market. In domestic politics, partisanship was acrid; and in the international field, the controversies over the settlement of the war and the founding of the League of Nations were becoming more and more bitter. The early 1920's were full of economic, social, and political unrest.

The Business School also had special problems of its own, some old, some new. While the School had been gaining wider and wider recognition among businessmen, there were still many who were skeptical regarding the merits of its educational efforts. And among the academicians there still was a good deal of hostility. The most acute internal problems which immediately faced the new Dean, however, arose from a radical increase in enrollment.

When the School opened for the regular fall term in September 1919, about six weeks before Mr. Donham assumed the deanship, the number of students in the entering class was 310, over twice as many as in any previous first-year class. The second-year class, numbering 70, also was the largest up to that date; and 32 special students brought the total enrollment to 412 — whereas the largest previous enrollment had been 232, in 1916-1917.

That increase in enrollment gave rise immediately to problems of faculty recruitment, classroom and library accommodations, student morale, budgetary adjustments, and an administrative organization not only for handling day-to-day operations but also for dealing with questions relating to admission of new students and to the securing of jobs by graduates.

Then, as indicated in the statement quoted above, President



Lowell and Dean Donham contemplated a revamping of the curriculum, a changed emphasis in the concept of the School, and the introduction of new teaching methods and materials. In addition, the Dean faced the necessity of campaigning for funds with which to finance a building program. He was convinced that the large enrollment in 1919 foreshadowed greater future growth, and there literally was no room in existing buildings to absorb much expansion. The Dean also had to face the problem of getting operating funds to cover the increased costs that would accompany growth in enrollment.

The pressures put on the Dean and the School by the increases in enrollment and expenses formed a continuous background to all the various activities that took place during the period 1919-1927. It is one thing to administer an organization that has reached or nearly reached its full quantitative growth and quite another to administer one in the process of rapid growth. Not only did the Dean have to cope with the dynamic qualitative program he had in mind but also with all the problems raised by the sheer dynamics of quantities.

As the pressures of growth formed a sort of background to the work of developing courses, methods of instruction, and so on, so the building program may be seen as forming a sort of superstructure over that work. It seems to me that anyone who has followed this account to the present point will feel relieved to hear, now, the story of how the School got a real home and was able to leave its scattered and inadequate quarters. Of course this did not happen in a flash, and in the meantime all manner of strange arrangements had to be made to find space for the School's operations on the University's crowded grounds.

### *The Building Fund Campaign*

In the same month that he took office Dean Donham, in a memorandum to the Faculty covering many matters, called attention to the School's building needs, and shortly thereafter he appointed a Building Committee of the Faculty. Discussions of plans for

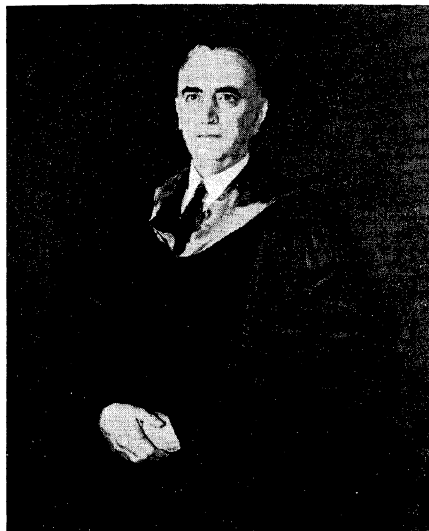
building began immediately, and on January 13, 1920, the Dean submitted to the Committee his initial suggestions. In his first annual report, after reviewing the seriousness of the housing problem, the Dean stated: "We need funds at once for the construction of a building or buildings adequate to house a school of 1000 and for the development of laboratory facilities."

Dean Donham continued his observations, discussions, and investigations with the help of members of the Faculty Building Committee and others, and in his report for 1921-1922 summarized the conclusions which he then had reached. After explaining some new makeshift arrangements for providing additional office space, he went on:

We can accomplish valuable intellectual results with our administrative and teaching staffs scattered, our classrooms disconnected and disassociated, and our laboratory facilities thoroughly inadequate; but we cannot do properly our major task of building in the minds of these young men the clear-cut concept of business as a profession, with all this implies, unless they are living under proper conditions and in such a manner that they form a socially and intellectually coherent group. At the present time the living conditions of men in the School are thoroughly unsatisfactory.

The Dean proceeded in his report to present the results of a general investigation which members of his staff had made of the dormitory situation in Cambridge. That investigation showed that the number of students enrolled in the College, the Law School, the Business School, and the Graduate School of Arts and Sciences — the four large departments of the University located in Cambridge — had increased from 3630 in 1913-1914 to 4951 in 1921-1922. In the three professional schools alone, there had been "a 60 per cent growth in numbers with no increase in proper housing. . . . The percentage of men coming to the Business School from a distance who can get into any dormitory has dropped to 22 per cent or only about two men out of each nine. Of those who live in dormitories, very few who come from a distance obtained their rooms for the first year."

He then explained that this situation had been brought about



*The Fogg Art Museum*

Edwin Francis Gay



*The Fogg Art Museum*

Wallace Brett Donham



*The Fogg Art Museum*

Donald Kirk David



*Warren Kay Vantine*

Stanley Ferdinand Teele

Deans of the Faculty of the Harvard Business School

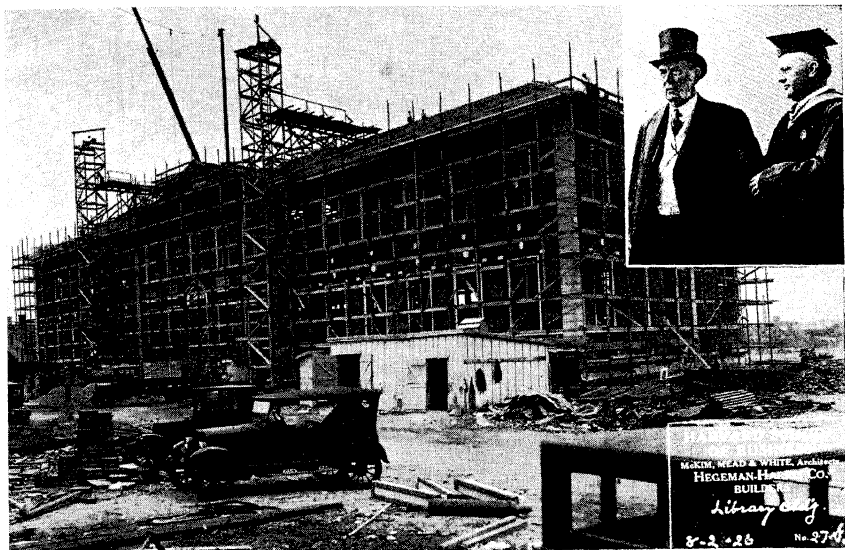


The School in 1910: First Second-Year Class, Second First-Year Class,  
and Members of the Faculty

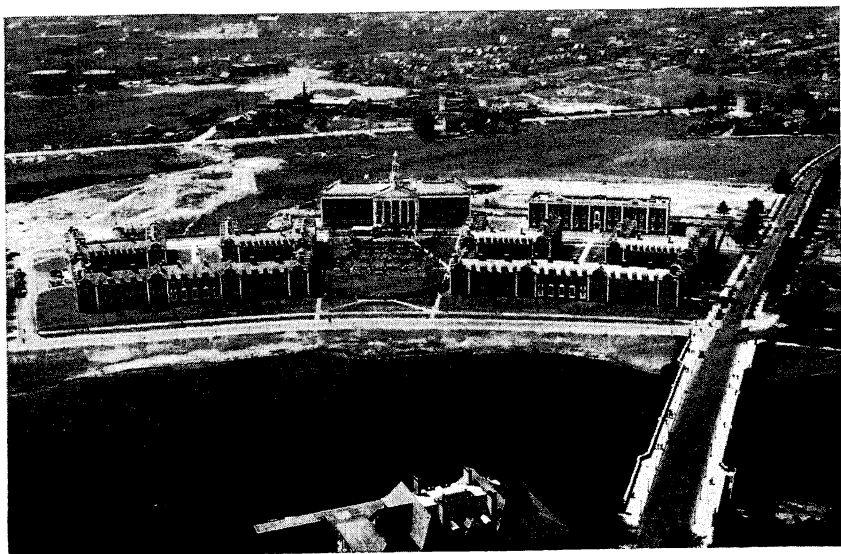


Members of the Bureau of Business Research, National Shoe  
Association Fair, Chicago, 1923

*Back Row:* Virgil Hower, Howard Gould, Deane W. Malott, John C. Baker, Donald B. Smith, Grant Keehn, Kenneth S. Boardman, Charles C. Lafollette. *Front Row:* Henry A. Sasserno, Malcolm P. McNair, Melvin T. Copeland, Cecil E. Fraser, F. Santry Reed

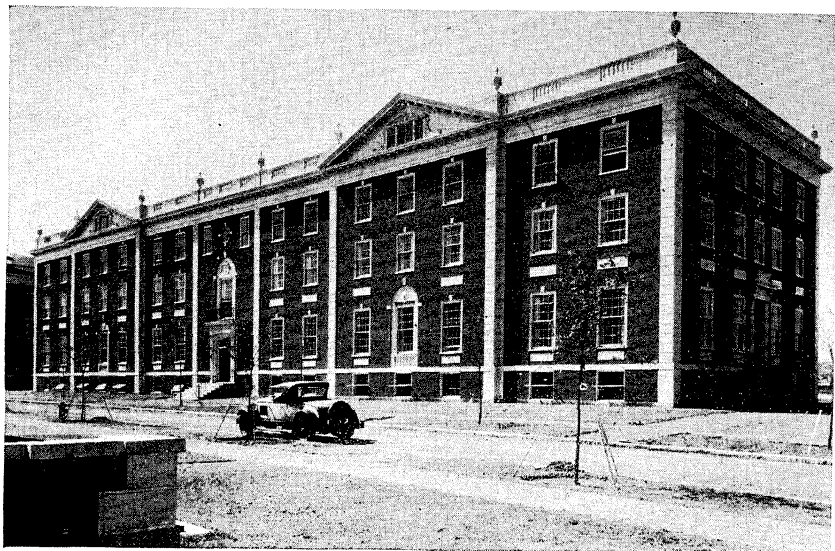


Building at Soldiers Field  
*Inset: George F. Baker and Dean Donham*



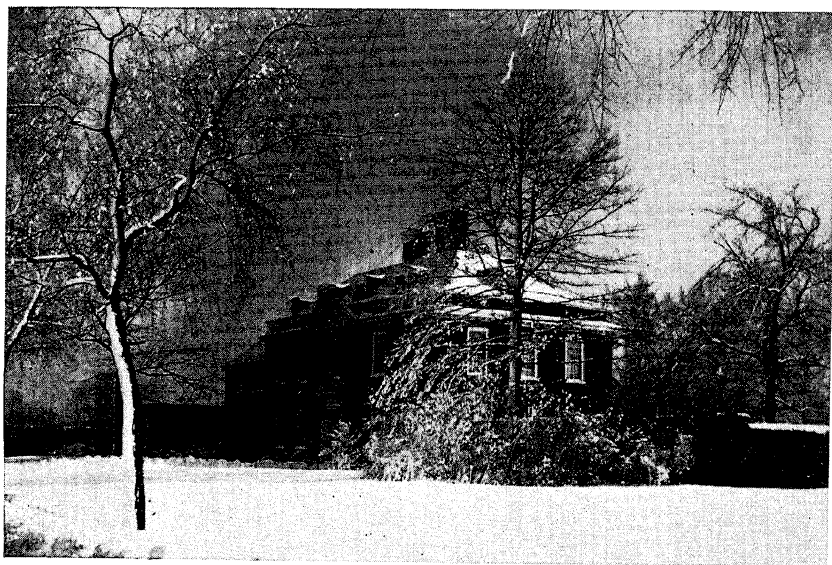
*Fairchild Aerial Surveys, Inc.*

Dedication Exercises, June 8, 1927



Morgan Hall, Administration Center  
without its Present Vines and Trees

*Paul J. Weber*



The Dean's House

not only by the war but by the opening of the Cambridge subway. The subway had changed Cambridge from a suburban to an urban community. During the war, the owners of most of the private dormitories around Harvard Square had converted their properties into apartment houses; such conversions had resulted in the loss of space previously available for 400 students.

The only remedy for this situation, it seemed to the Dean, was for the University to build new dormitories. He then went on: "The Business School, being the only foot-free department in Cambridge, should be lifted bodily out of its existing surroundings and developed as an entity."

The foregoing sketch merely highlights the development of the Dean's thinking about the housing needs of the School. He had started out with suggestions for "a building or buildings" which would provide for classroom, office, research, and laboratory space. Three years later, he deemed the provision of dormitories the most urgent need of the School, and he envisaged a whole new plant. Because of the congestion around Harvard Square, furthermore, he proposed that the new plant should have some other site.

During 1920, 1921, and 1922 the Dean was developing the strategy of his fund campaign and accumulating ammunition. Shortly after appointing the Faculty Building Committee he began to have data compiled by his administrative staff to demonstrate the need for a building or buildings; he realized that he would need to have in hand a substantial body of facts before inaugurating a campaign of the size he had in mind. He also had preliminary work started on architectural plans. For that purpose he enlisted the assistance of Professor C. W. Killam, of the Harvard School of Architecture, and Professor Killam became one of the most devoted workers behind the scenes as the campaign planning progressed.

One of the other men working behind the scenes in the preparation of campaign material was Mr. George Woodbridge, who joined the Dean's staff in 1922. I am mentioning Mr. Woodbridge specifically, not merely because of the assistance which he rendered to

the campaign, but especially because of the fact that he affords such an interesting example of Dean Donham's resourcefulness in administration. Mr. Woodbridge then was in his fifties, I believe, a bouncy little man, with lively energy and great vitality. He had had a varied career, with a long experience in journalism. Most recently he had been engaged in the insurance business. We all knew him as "Uncle George." Uncle George set about preparing a large compendium of information about the School, which came to be known as "The Bible." His most noteworthy characteristic was an extremely fertile and uninhibited imagination. It was a rare day when Uncle George did not come up with at least one new idea. Some of his ideas were only rather remotely related to the task in hand, and some of them were highly impractical. But every now and then there would be a gem among them. Dean Donham had the vision to appreciate the gems and the patience to sort them out from the mass that had to be discarded. Many executives, of course, become so annoyed by a person of Uncle George's type that they cannot work with him; but Dean Donham had the knack of utilizing Uncle George's imagination without being swamped by it.

Early in 1923, with pamphlets and brochures prepared and lists of prospects for interviews drawn up, the Dean was nearly ready to open his campaign for funds. Five million dollars was the sum it had been decided to seek. When the Dean sought permission from President Lowell to go ahead with his program, however, the President informed him that the Department of Chemistry, which needed three million dollars for the construction of new laboratory facilities, had a right-of-way for fund raising. This led to a proposal for a joint campaign. Before the details of that proposal had been worked out, Professor Paul J. Sachs and Professor Edward W. Forbes of the Department of Fine Arts requested that they be permitted to join forces with the Department of Chemistry and the School of Business Administration, as the Department of Fine Arts needed two million dollars for the construction of an art museum and for other purposes.

Dean Donham was not daunted by these complications. On the contrary, he saw great possibilities in having Chemistry, Fine Arts,



and Business Administration linked together in an effort to obtain ten million dollars for the University. Inasmuch as President Lowell had great faith in Dean Donham as a fund raiser, he readily approved the joint enterprise.

Late in 1923 Dean Donham made a masterly move. He persuaded the Right Reverend William Lawrence, Bishop of Massachusetts, and a member of the Harvard Corporation, to accept the chairmanship of the campaign organization. The idea of enlisting Bishop Lawrence's support originated with Uncle George Woodbridge, who pointed out to the Dean that Bishop Lawrence came from a family that had distinguished itself in business and that the Bishop probably would deeply appreciate what the School could do for business. The fact that the campaign was to include Chemistry and Fine Arts also would have a special appeal, Uncle George felt, to the Bishop.

Bishop Lawrence was appointed Chairman of the Corporation Committee for fund raising. Dean Donham was appointed Executive Chairman, and Professor Sachs of the Department of Fine Arts and Professor G. B. Baxter of the Department of Chemistry were named Executive Vice Chairmen. Bishop Lawrence, of course, had great prestige and a wide acquaintance. He also had had considerable experience in fund raising.

The campaign was officially opened on March 20, 1924, the ninetieth birthday of former President Eliot. Dean Donham was granted practically a leave of absence from the administrative work of the School and for some months he was almost constantly away from Cambridge interviewing prospective donors. Professor Sachs, who too had a wide business acquaintance, also devoted his full time to the campaign.

The basis for the Business School campaign was summarized so well by the Dean, annual report for 1923-1924, that it seems desirable here to quote his own words:

The conception which we had of the campaign was, we believe, unique. It was never at any time our intention to appeal to Harvard alumni as such for funds, nor did we hope to obtain any large

number of subscriptions. We planned to direct our appeal mainly to men of substance who were active in business irrespective of their college affiliations.

In taking stock of our position and in going before these men there were a number of important facts which gave us promise that a campaign of this type might be successful. In the first place we had the approval of the Harvard Corporation, which recognized the need for a new plant and adequate research endowment for the Business School as one of the prior needs of the University for the extension of its national service. In the second place, we had the enthusiastic leadership of Bishop Lawrence and his willingness to throw his time, prestige, and personality into the movement. In the third place, we had for a number of years been working on the problem of the physical needs of the School even to the point of having architectural studies made of a new plant to care for what we thought would be the future requirements of the School. In this way, we had acquired a concrete conception of our needs.

Moreover, we had been for some years in close contact with numerous businessmen through whom we hoped to obtain large contributions, both as employers of our graduates and as donors in small amounts for the current expenses of our business research. These men had, therefore, a clear picture of the aims and accomplishments of the School and its potentialities for service, and had formed the habit of giving in support of certain of its activities. We also had a broad background of interest in the business community, through the studies of the cost of doing business in various trades, on which the Bureau of Business Research has been at work for many years. We had moreover the backing of a small but enthusiastic group of graduates of the School who were scattered in important industries throughout the country. Finally, we had learned something of the presentation of educational needs in such a way that men, not primarily interested in education as such, could understand and support our effort. We knew, for instance, that one most powerful appeal lay in the fact that the Business School is the only graduate school of business administration with a separate faculty teaching only graduate students. Placing responsibility for the proper development of teaching method and material in a new field, squarely upon a group of men who are without divided interests, appealed strongly to successful businessmen as the proper solution of what all knew to be an important problem — namely, the improvement of business education.

The fact that the School had been charging to its students for a period of years the full cost of instruction<sup>2</sup> and expected to continue so to do in the future, together with the determination of the School to carry out a program of instruction of the highest possible quality without regard to cost, met with a sympathetic response from businessmen. It was not difficult to prove that the Business School already was exercising considerable influence on business education.

Two months before the campaign was formally launched, members of the Corporation Committee prevailed upon Bishop Lawrence to seek a contribution from an old friend of his, Mr. George F. Baker, president of the First National Bank in New York. Mr. Baker, a man of great modesty, who had not been able to attend college in his youth, was one of the most successful and certainly one of the most highly and widely respected businessmen in America. Bishop Lawrence told Mr. Baker about the Business School and its need for funds and, as the Committee had suggested, invited Mr. Baker to head the list of subscribers with a contribution of one million dollars. Mr. Baker agreed to take the proposal under consideration, and Bishop Lawrence left with him copies of the campaign brochures. Three months passed — three anxious months for the Committee — before there was any word from Mr. Baker. How the word came was related by Bishop Lawrence in his autobiography:

On the 21st of April, as I was on the way to New York to talk on the three subjects [of the campaign] at a drawing-room meeting at Mrs. Harold Pratt's, a telegram was handed me at New Haven saying that Mr. Baker would call on me at my daughter Ruth's house at six o'clock. Promptly at six, Mr. Baker appeared, alone. We sat down, passed a friendly word or two, and then he said, "Bishop, I have been thinking over the matter of the Business School. I have lost interest in your suggestion that I should give the first million. I am not going to give it or half a million either." He paused, and then told an anecdote, while I sat tight, for he evidently had something more to say. He went on, "If, however, by giving five million dollars I could have the privilege of building

<sup>2</sup> This policy had been adopted in 1920; see Chapter IV, p. 84.

the whole School, I should like to do it. If it were one of several such schools or an old story, I should not care to do it, but my life has been given to business, and I should like to found the first Graduate School, and give a new start to better business standards. I want to do it alone. Do you think Harvard will let me?"<sup>3</sup>

During his three months of silence Mr. Baker not only had been thinking about the matter of the contribution but had made extensive inquiries about the School through his friends and business associates and also through his son, Mr. George F. Baker, Jr., who had been a classmate of Dean Donham's in Harvard College. Mr. Baker had examined the proposition carefully, as was his wont in business matters.

Harvard did "let" Mr. Baker contribute the full five million dollars. Mr. Baker's gift meant far more to the School than a new plant, since the School henceforth was to be known as "The George F. Baker Foundation." Bearing the name of a man of the highest business integrity, the School had a new stimulus for achievement in the field of business education.

Thus the Business School fund campaign was dramatically consummated. In addition to Mr. Baker's gift, several gifts for endowment were obtained during the campaign: one hundred thousand dollars from Price, Waterhouse, and Company, in honor of Sir Arthur Lowes Dickinson; one hundred thousand dollars from Goldman, Sachs and Company; fifty thousand dollars from A. W. Shaw; and three thousand dollars from other donors. Several gifts for buildings had to be declined when Mr. Baker's offer to build the whole plant was accepted, but a gift from Jesse, Percy, and Herbert Straus was utilized, with the donors' approval, for building in Harvard Yard a dormitory from which the income was to accrue to the Business School. The other phases of the campaign, aimed at securing funds for Chemistry and Fine Arts, were not consummated quite so spectacularly, but they too were successful.

<sup>3</sup> William Lawrence, *Memories of a Happy Life*, pp. 419-420. (Boston, Houghton Mifflin Company, 1926.)

*Building at Soldiers Field*<sup>4</sup>

The site chosen for the new plant was on the Boston side of the Charles River, across North Harvard Street from the Harvard Stadium, a section known as Soldiers Field. Before the dam was built near North Station, some of this area had been a tidal marsh. It was still swampy, and in 1925 part of it was being used for a truck garden. Most of the land on which the Business School plant was to be built already was owned by the University, but to round out the site along the riverway the University purchased about seven additional acres owned by the Commonwealth of Massachusetts.

The use of land not in private hands was advantageous in a community where the exemption of a university from taxation was subject to frequent political attacks. The choice also was advantageous from the standpoint of community improvement. The Business School plant would complement betterments that the University was making on the Cambridge side of the Charles River and so help to beautify the whole area.

It was Mr. Baker's wish that the architects who were to design the plant be chosen by competition. In preparation for the competition, it was necessary to decide what specific buildings should be included in the plans and what their essential characteristics should be. The general objective was to attain economical construction but at the same time construction which would enable the students to live and study comfortably "in an atmosphere of quiet, good taste appropriate to an old university."

As soon as Commencement was over in June 1924, Dean Donham organized a task force to work out a detailed study of the requirements for the new plant and to prepare the drawings to be issued for the competition. The task force included the Dean, Professor Killam, who was serving as professional adviser to the Dean, a

<sup>4</sup> This summary of the planning and construction of the new plant is based in part on an article by Professor Charles W. Killam, "Harvard Graduate School of Business Administration," *Architectural Forum*, October 1927.

draftsman, and three Assistant Deans: Clinton P. Biddle, Neil H. Borden, and William D. Kennedy. Two other Assistant Deans, Deane W. Malott and Shaw Livermore, also joined the group from time to time. Mr. Donham made the upper floor of the garage at his summer home at Chatham on Cape Cod into a dormitory for the task force members, and for two and a half months they worked on the plans. The group tried to foresee all the needs of the School, fought over various drafts of the buildings, and finally hammered out the requirements for the competition.

The architectural competition was in two stages. The first stage was open to all architects resident in the United States, and forty-nine submitted drawings. From that group six were selected for the final stage, in which six other firms participated by invitation. On January 10, 1925, the design submitted by McKim, Mead & White was selected as the winner, and that became the basic plan for the new plant.

In order to expedite construction, a cost-plus-fixed-fee contract was entered into with the builder, and work was started without waiting for the completion of final sketches of all the buildings. By this procedure it was possible to have the plant ready for occupancy one year earlier than otherwise would have been the case. On June 2, 1925, the first steam shovel went to work, and sixteen months later, in September 1926, 750 students moved into five living halls. A sixth dormitory, Baker Library, and Morgan Hall (the administration building) were not completed until the following year.

A classroom building had been included in the original plan, but construction on the boggy ground at the northeast corner of the area, where concrete piers had to be put in under the foundations, was so expensive as to call for some curtailment. Consequently it was decided to use part of the space in the Library for classrooms, an arrangement destined to continue for almost thirty years.

While the plant was under construction, the Dean had to give it continual attention. There were questions of what to include and what to omit, of changes in layout, and of modifications of details. On many of those questions not only the architects and the con-

tractor but also the higher University authorities had to be consulted. In fact, while the construction was under way, President Lowell made a personal inspection of the progress of the work almost every day in the course of his regular afternoon walk.

The features of the plan and the problems of construction were too numerous to cover in detail here, but a few may well be singled out for mention.

Instead of a central dining hall, a dining room accommodating about one hundred students was provided in each of the six dormitories. Those dining rooms were supplied through underground tunnels from a kitchen located in the basement of McCulloch Hall, the most easterly dormitory. The dormitory dining rooms were expected to increase the intimacy of the social life of the students, and they were very successful until World War II played such havoc with operating costs that they had to give way to a single dining area.

The Students' Club, a small building between Chase and Mellon dormitories, provided lounging and recreation rooms, and a grill in the basement enabled the students to obtain late evening snacks without having to traipse off to Harvard Square.

Another of the small buildings which were a feature of the building plan was equipped as a Faculty Club. There most members of the Faculty had lunch every weekday. That gave them an opportunity to discuss School problems and many other topics informally, and it enabled the younger members of the Faculty and research staff to become better acquainted with one another and with the older members. From an administrative standpoint, the Faculty Club greatly facilitated communication and furthered speedy attention to current problems. Small rooms in the Club were in constant use for committee meetings and for the entertainment of guests. Faculty meetings also were held in the Club. That building contributed immeasurably to the development of a Faculty *esprit de corps*.

As the plans for the construction of the new plant progressed, Mr. Baker had expressed a strong desire to have a house built on

the grounds for the Dean, and this was done. From the standpoint of a dean, residence on school grounds is not an unmixed advantage, but Mr. Baker's wishes were complied with.

Mr. Baker also would have liked to have dwellings for the members of the Faculty constructed at Soldiers Field. Funds fortunately were not available. It is an excellent arrangement to have the students living together, but it would be quite another matter to have centralized patriarchal living quarters for all members of a faculty and their families.

The problem of providing heat for the new plant was solved initially by carrying steam lines across the river from the Cambridge Electric Company's plant on Western Avenue by means of a system of wooden trestles and piles. A similar system, at a lower level, then carried the pipes to McCulloch Hall. A little later a footbridge, a memorial to Senator John W. Weeks, was built across the Charles near the eastern end of the Business School grounds to provide a shorter walk between the School and parts of Harvard Yard and its environs. The bridge then also was used as an improved means for carrying the steam pipes across the river. Dean Donham had been active in interesting friends of Senator Weeks to provide the funds for the bridge.

With the completion of the new plant, the School's physical bonds with Harvard College were at an end except for two items which were brought to Soldiers Field as sentimental reminders of the ties between the new School and the old College. In the office of the Dean of the School, in University Hall, there was a large oval table around which members of the School's original Administrative Board could all be accommodated. That table had been in the President's office when Mr. Eliot became President of the University, and around it, I have been told, the entire Faculty of Arts and Sciences met in those days. President Lowell gave Dean Donham that table to take with him to Soldiers Field, and it continues to stand in the Dean's office at the School. The second item was a bell, discarded from old Harvard Hall. This bell was rescued by Dean Donham and now hangs in the tower of Baker Library.



*Instruction: Early Steps*

The energy, interest, and imagination which the Dean devoted so freely to the new plant project in no way lessened his simultaneous drive toward changes and improvements in other areas — the revamping of courses and methods of instruction, for example.

## THE FIRST CASEBOOK

Immediately upon receiving his appointment, Dean Donham had conferred with President Lowell and Dean Gay. Then he took action. Within the week, for instance, he called me to his office and told me that he had learned from Mr. Gay that I was contemplating writing a book on marketing — not a textbook, but a broad declaratory treatment of the subject. This was true. The Dean requested me to give up that project and instead to get out a casebook to be used as the basis for instruction in Marketing. Dean Donham was determined to put instruction fully on the case basis as soon as possible.

During the period from November 1919 to May 1920, therefore, I was writing “problems” for a casebook. I had no assistance on that task and practically no time for field work. Inasmuch as Professor Cherington had resigned from the Faculty in 1919 to enter business, I was in sole charge of the Marketing course. I also was handling the Business Policy course and serving as Director of the Bureau of Business Research. I put the “problems” together from situations which I had encountered in our research work, from situations that had been reported in business publications and other sources, from experiences that had come to my attention during my wartime work in Washington, and from a few new business contacts. Many of the “problems” were dictated to the class for discussion at subsequent sessions and thus tried out in advance of publication.

Fortunately, during the preceding nine years I had acquired experience in handling classroom discussion and therefore had some idea as to what would constitute effective “problem” material. Also I had developed a detailed, organized outline of the subject of

Marketing, as I conceived it. That outline was indispensable for the preparation of the casebook. My task was to obtain a "problem" which would serve to bring forth discussion of each significant point in the outline.

The manuscript was ready for the printer in May 1920, and was published for use when the School opened in September of that year — the first casebook in the field of business management. With all its deficiencies, that casebook was a great improvement over what we previously had had for teaching material in the Marketing course.

In December 1920, at Dean Donham's initiative, the Bureau of Business Research undertook the collection of cases for other courses, and by 1924 the bulk of the instruction in most of the courses in the School was on the case system.<sup>5</sup>

#### REVIEW OF COURSES AND POLICIES

A few days after the Dean asked me to prepare a casebook, while still in the initial weeks of his administration, he arranged the first of a series of informal weekly Faculty lunches and dinners at which the courses and fields of instruction in the School were discussed, one after the other. Each member of the Faculty prepared a descriptive memorandum in advance for the meeting at which his courses were to be gone over. The meetings on courses were followed by similar meetings on revisions of the curriculum, on the collection and use of cases, and on other broad problems of the School. Many changes and developments flowed from the discussions at these meetings, some of which were attended by President Lowell.

#### *Aims of the School: Donham Memorandum*

Shortly after the program of informal luncheon and dinner meetings got underway, Dean Donham prepared for Faculty discussion a memorandum on the aims of the School. That memorandum was of such basic significance for the years to come that

<sup>5</sup> See Chapter VIII, pp. 227-236.

much of it is worth detailed examination. The memorandum began as follows:

- A. How can we state the aims of the School? I have tried as follows:
  - 1. We try to fit the student for business by
    - a. Furnishing the background of general business facts and principles necessary to a broad business point of view and to progress in business.
    - b. Giving the student training for practice in dealing with business problems. This requires practice in
      - (1) Ascertaining facts;
      - (2) Appraising and sorting facts;
      - (3) Stating business problems in a business way;
      - (4) Analyzing business problems;
      - (5) Reaching definite conclusions;
      - (6) Presenting such conclusions orally and in writing.
  - 2. To fit the student into business and society by
    - a. Instruction in the relation of the individual to his business opportunity.
    - b. Instruction in the relation of businessmen to society. This instruction is given in considerable measure in all courses, but it should also, as I see it, be attempted by systematic instruction directed toward this end. . . .

In this initial part of the statement by Dean Donham of the aims of the School, as he understood them, several points deserve emphasis.

First, there was the recognition of the need for a realistic training of students for the work which they were to undertake upon graduation and especially for advancement in their profession once they had served their inevitable apprenticeships. Second, the Dean here made a more explicit statement as to what was involved in the "problem method" of instruction than had appeared previously on the School's records. Third, it is especially to be noted that the Dean in this and subsequent sections of his memorandum proceeded on a tacit assumption that the "problem method" of instruction was to be used in *all* the courses in the School. That was not naïveté on Dean Donham's part, but an administrative technique. And, finally, the Dean emphasized a point of view which

he was to stress continually throughout his tenure of office: the need for training the students to fit into their business opportunities and, more broadly, to become good citizens in the society of which they were a part.

The next section of the Dean's memorandum went on as follows:

B. How can we state the Method of Instruction which in general is the goal? This is my effort:

1. Dividing the important fields of business into courses, generally speaking, not on an individual specialized business basis (such as steel, paper, etc.) but by subject matter, such as Marketing, Factory Management, Employment Management, etc. Some courses which apply each to a particular business and therefore include in a specialized application cross sections of the other courses will have, it seems to me always, a coordinating value of great importance.
2. Furnishing in particular courses the general basis of fact and theory which is hard to get in business itself.
3. Giving enough immediately practical experience, for
  - a. A clear understanding of theory;
  - b. Understanding and valuing facts;
  - c. Dealing with problems.
4. Avoiding except where necessary under 3 above the detailed technique of particular industries which may be more quickly acquired during the early probationary period of actual business experience.
5. Developing methods by which the best development in teaching, policy, course content, and point of view may be passed on to new men on the staff and interchanged among members on the staff. This could be done by frequent faculty lunches for the discussion of current problems, by systematic efforts to build up files of information in each course, and by reducing problems, valuable methods, and points of view to the form of written material available for new men on the staff.

Dean Donham's emphasis on courses divided by subject matter — that is, by functions and services rather than by specialized industries — was contrary to the early concept of the School in 1906-1907, but it was in accord with the School's experience from

1908 to 1919. Within a few years after this memorandum was prepared by Dean Donham, most of the remaining specialized industrial courses had disappeared from the curriculum.

The Dean's proposal for the passing-on of teaching material and teaching experience to new members of the Faculty was of very great importance, especially at a time when the increase in enrollment was necessitating a continual expansion of the teaching staff. Such a procedure presumably would seem to an outside observer to be the only sensible one, but it never has been the general practice among college and university professors. Each teacher usually has deemed his teaching material and experience to be his own inviolable private property. The Dean's proposal for a pooling of teaching materials and experience was accepted by most members of the Faculty, but one professor did object so strongly to it that eventually he resigned.

The third section of the Dean's memorandum dealt with the planning of individual courses.

C. How should the Particular Course be analyzed? It looks to me roughly as follows:

1. The content should be
  - a. So related to the content of other courses as to
    - (1) Avoid undesirable duplication;
    - (2) Cover the field without undesirable omissions.
  - b. Adapted to furnish background rather than technical detail, to enable the student to fit his early work into the whole picture, and to help him to keep from being pocketed in business.
  - c. Adapted to show the relation of the individual business to business generally and to the public interest.
2. The instruction in each course is based in large part on specific facts or problems stated in varied forms as they present themselves to the businessman. The student should be required in each course to investigate facts, to sort undigested material, to state problems, to analyze problems, to reach conclusions and to present the subject matter and his decision orally and in writing as he will be required to do in business. He must particularly be required to start, to react on, and to finish his tasks. . . .

This requires analysis of the subject into

- a. Routine work. Such work is largely repetitive and ordinarily presents few problems requiring the individual judgment of those engaging upon it. No more of this should be included than necessary to progress in the subject. Direct instruction in routine work should be left to the industry. The practically universal opportunity to improve methods of routine work should, however, be impressed on the student by problem work directed to this end.
- b. Problem work. Generally speaking all business not of a routine nature presents itself in the form of problems. The business problem presents itself to the businessman in varied forms and from varied angles. Among these are
  - (1) A mass of disorganized material. A problem is often nearly solved when it has been sorted out of a mass of material and clearly stated. The imaginative businessman must sort the material, state the problem, analyze the problem, decide what additional material should be obtained, weigh the factors, reach a conclusion, carry the conclusion into effect.
  - (2) A known problem for solution. The businessman must state and analyze the problem, make or have made the investigations necessary, weigh the facts, reach a conclusion, carry it into effect.
  - (3) A request from subordinates for action of a definite nature. The businessman must investigate the basis of the request, the thoroughness of the preliminary work upon which it is founded, and determine whether to act, to refuse, or to investigate further.
  - (4) The problem may present itself as an order from a superior to be carried out. The businessman must analyze the order, study out the detailed application to his conditions and put it into effect, often after securing necessary modifications by his superior.
- c. Cannot a systematic effort be made to enrich the problem content of the various courses by getting regularly from industry problems which are current and illustrative?

Cannot the Dean's office be of value to the staff in this way? It appears to me that it should be possible to work out such contacts with industry that we might in a comparatively short time get several hundred problems in each field. Whether this can be done by correspondence, or by correspondence backed up by calls by a representative of the School, can only be found out by trying. I think the office should undertake this work so far as handling the correspondence is concerned. Letters should of course be signed generally by the instructor and sent out to a list satisfactory to him.

The memorandum then went on to discuss "Field and Laboratory Work," "Reports and Theses," "Handling Men in Industry," "Student Problems (How can the graduates of over one hundred colleges be welded into the Business School?)," and "New Building."

In the section of the memorandum last quoted the Dean brought out clearly one of the most basic objectives of the School, namely, the training of students in the exercise of judgment on business problems rather than in learning routine procedures. When the Dean stated: "Generally speaking all business not of a routine nature presents itself in the form of problems," he was tacitly recognizing the fact that *administration is essentially a decision-making process*. If a School of Business Administration is really to give training in administration, it must concern itself with the making of decisions on business problems.

The Dean's suggestion regarding the participation of the administrative officers in the gathering of problems for classroom use was a significant forerunner of one of the major new developments about to occur at the School. The suggestions regarding the possibilities of securing problems by correspondence, however, proved to be generally unworkable.

Before passing on to a consideration of further features and activities of Dean Donham's long administration, I wish to throw in an "aside." In retrospect, it appears to me that if the Faculty through the years had been supplied at least once a year with a copy of Professor Lowell's letter to Professor Taussig of January 1907 and with a copy of this memorandum prepared by Dean Donham

early in 1920, almost endless hours of discussion in committee meetings and in Faculty meetings might have been avoided. The same basic points have been threshed out over and over again, and seldom have they been restated so well as they were presented in these documents.



#### CHAPTER IV

## The Long Pull

DEAN DONHAM'S ADMINISTRATION, 1919-1942

### *Background and Situation Faced*

Although the year 1927, with the completion of the move to new quarters, marked a natural dividing point in Dean Donham's administration, I have thought it advisable in the interest of continuity and ease of comparison to present together for the entire period data on enrollment, on the development of instruction, and on operating finances. The story of research activities during Dean Donham's term of office will be found in Chapter VIII. Many of the other events of this eventful administration also are recorded in the later, topical chapters.

The year 1927 marked a dividing point in Dean Donham's administration not only because of the move to the Soldiers Field plant but also because in that year, shortly after the dedication of the new buildings, the Dean was afflicted with a serious heart ailment which necessitated his taking a long rest. During most of the year 1927-1928 Professor Sprague served as Acting Dean of the School. After Dean Donham resumed his administrative duties, it was necessary for him to curtail substantially his physical activities, but his mental vigor continued to be brisk as he wrestled with one emergency after another.

The situation faced by Dean Donham during the earlier years of his administration, with the pressures of growth, the revisions of courses and policies, the program for new buildings, and the unrest in the outside world, was briefly sketched in the preceding

chapter. The problems faced in the later years, however, by comparison made dwarfs of the earlier ones.

In the fall of 1929 the stock market crashed. Four years of depression ensued. Then with recovery came the New Deal and a battery of new laws and regulations affecting business. Business became an especially popular target for numerous writers and speakers, both popular and serious. In 1938 a business "recession" occurred which gave rise to a new crop of maladjustments. And then in 1939 Hitler marched into Poland. Each of these emergencies had an impact on the students in the Business School and on potential applicants for admission, also on the instructional and research programs of the School and on its finances.

It should be noted too, though certainly not as a problem, that in 1933 Professor James Bryant Conant, of the Harvard Department of Chemistry, became President of the University. Previously Mr. Conant had had no intimate contact with the Business School, but he was friendly toward it and the relations between the School and the President's office continued to be thoroughly amicable.

## *The Students*

### TUITION

In 1920 the School adopted the policy of fixing tuition rates to cover all the direct costs of instruction. Such a policy seemed appropriate for an institution training young men for professional careers in business administration. Unless the earning power of the students was enhanced sufficiently to cover the direct costs of their instruction, the operation of the School hardly could have been justified. That point of view was appreciated by businessmen and by most prospective students. On the whole, the tuition policy of the School probably tended to cause an increase rather than a diminution, except temporarily, in enrollment.

In 1919-1920 the tuition in all departments of Harvard University was two hundred dollars a year. In 1920 the Business School increased its tuition to two hundred and fifty dollars, in 1921 to

four hundred dollars, in 1925 to five hundred dollars, and in 1930 to six hundred dollars. After 1921 the Business School had the highest rate of tuition of any department in Harvard University.

#### ENROLLMENT

In his report to the President in 1920, at the end of his first year in office, Dean Donham referred to the large increase in enrollment in the School in the fall of 1919 and called attention also to the striking increase in the number of students in undergraduate schools of business, especially in 1919-1920. The Dean expressed the opinion that these increases were not primarily the result of an accumulation of students just released from military service, but rather the result of a growing recognition of the fact that training for business could be provided effectively. This was especially significant, he said, inasmuch as business had "displaced the professions of the ministry, medicine, and the law as the occupational choice of a large and increasing percentage of college graduates."

As the statistics in Table 3 show, the Dean was correct in his judgment that the increase in enrollment in 1919 was only a forerunner of further growth. The number of regular students in the School more than doubled between 1919-1920 and 1926-1927. The number of part-time special students dropped off, as a result of a policy of restriction, but the total enrollment increased from 412 to 785 during that period.

In 1921-1922 a group of regular students and three part-time specials were admitted to the School at midyears. That action was taken primarily for budgetary reasons. The midyear session enabled students completing their college work in three and a half years and others who decided belatedly to enter the School to avoid having to wait six months before starting on their business education. In the first year that this experiment was tried, the chief problem encountered was with students from Harvard College who had completed the requirements for their college degrees and who, as Dean Donham expressed it, were "looking for a way to spend amiably the last half of their senior years." Thirteen of the men enter-

TABLE 3

HARVARD GRADUATE SCHOOL OF BUSINESS ADMINISTRATION  
Enrollment Statistics, 1919-1920 to 1942-1943

Year	Second Year	First Year	Mid- Year *	Special & Advanced Students	TOTAL	First-Year Students Eligible to Return	Per Cent Returned Following Year
1919-1920	70	310	...	32	412	223	57.8
1920-1921	129	309	...	19	457	237	73.4
1921-1922	174	282	34	15	505	233	84.1
1922-1923	196	247	52	12	507	213	76.5
1923-1924	163	326	101	10	600	268	83.5
1924-1925	224	321	137	13	695	265	86.4
1925-1926	229	357	154	18	758	316	82.9
1926-1927	262	363	143	17	785	320	82.5
1927-1928	264	401	64	22	751	353	84.9
1928-1929	308	521	25	19	873	416	89.6
1929-1930	380	618	...	17	1,015	486	86.6
1930-1931	432	637	...	14	1,083	514	84.0
1931-1932	442	644	...	16	1,102	538	82.7
1932-1933	464	486	74	14	1,038	463	82.3
1933-1934	397	400	63	16	876	382	81.9
1934-1935	320	374	66	32	792	335	82.6
1935-1936	285	440	67	21	813	386	91.1
1936-1937	362	499	71	13	945	437	90.1
1937-1938	408	512	86	19	1,025	462	91.5
1938-1939	435	542	75	26	1,078	472	90.2
1939-1940	427	479	80	22	1,008	460	89.1
1940-1941	421	429	40	19	909	360	78.3
1941-1942	282	506	291	19	1,098	...	...
1942-1943					1,343†		

\* Midyear entrants accepted February, 1922-February, 1927; from 1932-1933 includes students entering February, finishing first year, August.

† Includes 623 men working for special I.A. (Industrial Administration) degree which required three terms' work and which was introduced to meet the war emergency. Term divisions in this period were not comparable with those of previous years.

ing the first midyear session were Harvard College seniors. Of the thirteen only two returned to the School in the fall.

In subsequent years means were found for selecting Harvard seniors, as well as seniors from other colleges, who had serious intentions of completing the midyear program. Students were admitted at midyears until 1927; when the new plant was opened the dormitories were filled in the fall and living facilities were not available for a midyear class.

The midyear program was a convenience to the students who enrolled in it, and it was helpful to the School from a budgetary standpoint. It also served another purpose. The classes were small and in some courses the instructors teaching the midyear group tried out new approaches to their subjects and new teaching material under conditions more favorable for testing than obtained in the much larger regular classes.

One other enrollment step taken during this period, but which is not recorded separately in the statistics, was the working out of arrangements whereby the United States military services sent officers to the School to take the regular program of instruction. In 1922 the Army and the Navy each sent two officers, and since then the military services have assigned officers every year to the courses leading to the degree of Master of Business Administration. That has been one of the major contributions, although by no means the only one, made by the School in training for government service — and one which certainly was not foreseen by the founders.

The increase in enrollment from 412 to 785 within the short span of eight years, covering the school years 1919-1920 to 1926-1927, presented a severe administrative challenge. The selection of students from among those applying for admission was a time-consuming and perplexing task. When the successful applicants arrived in Cambridge, furthermore, there was the problem of how to house and feed them. In 1923 the School secured most of the space in Perkins Hall, a graduate dormitory, but that took care of only a fraction of the total student body. The remainder, with the School's help, found private lodgings in the Cambridge-Boston

area. Two eating clubs were formed by groups of students, but the others "ate around."

After the School moved into its new quarters the number of students continued to increase, until in 1929-1930 the total reached 1015; this was a little over the number of 600 first-year and 400 second-year students for which the plant had been planned.

In 1930 there were about twice as many applications for admission to the first-year class as could be accepted. Up to that time qualified applicants had been accepted each year in the order in which their applications were received until the quota was filled. With a large excess of applications, however, that procedure could not be relied upon to yield the selection of the best qualified men. Consequently in 1930 a system for interviewing applicants for admission was inaugurated, a system which with some modifications from time to time was continued until 1954.

The number of applications for admission to the Business School continued to increase through 1931-1932. That increase was the result of numerous factors, some of which will never be known. The motives which lead over a thousand young men to apply each year for admission to an educational institution are inevitably complex and often obscure. One of the factors undoubtedly was the spreading reputation of the School, through its graduates and its research activities. Then, too, the publicity which had attended the fund-raising campaign and the attention which the new plant had attracted presumably stimulated the interest of some potential applicants.

That the number of applications for admission should have continued in such large volume for two years after the stock market collapse in October 1929 is likely to be somewhat surprising to a distant observer, and all the more so inasmuch as tuition had been increased to six hundred dollars in September 1930. So far as I am aware, that continued strength of demand was accounted for by two factors. In the first place, many college undergraduates had been making their plans, two or three years in advance of graduation, to apply for admission to the School, and they were not deterred by the adverse conditions in business. During those years, it

may be remembered, it was quite generally expected that a return of prosperity was "just around the corner."

In the second place, the depression made it more difficult for college graduates to find immediate employment. The Harvard Business School had a reputation for placement of its graduates. Consequently some young men applied for admission to the School in lieu of remaining idle and with the hope that thereby they eventually would land in acceptable jobs. In other words, they were primarily job hunters. That circumstance, it should be added parenthetically, was not conducive to solid professional work, and the presence of these men in the School increased the inevitable unrest among the other students caused by the hectic conditions then prevalent in business and by the uncertainties as to what the future might hold. The air of emergency which pervaded the School's operation in those years was intensified.

In the fall of 1932 the enrollment of first-year students finally was cut down substantially by the depression. In an effort partially to offset that decline, it was decided to adopt a new plan for admitting students at midyears. This plan differed from the earlier midyear session program in that the students entering at midyear continued their studies through the summer and thus were ready to join the regular second-year class when the School opened its new year in September. The students entering at midyears thus covered the full two-year program in a year and a half. The time-saving feature of the plan had appeal to a considerable number of students and it helped toward balancing the School budget. How many of those midyear students would have entered the regular session if this alternative had not been open to them is a moot question. Whether those students suffered intellectually from not having a real respite from class work between their first and second years also is a moot question. My own opinion is that the summer vacation serves a highly valuable educational purpose in giving time for mental digestion after a period of intensive study, as well as in giving an opportunity for apprenticeship employment. The midyear session, at all events, served very usefully as an expedient in an emergency. It was continued until 1942.

The slump in enrollment which began in 1932 lasted for three years. Then came another upswing, which continued until after the "recession" of 1938.

From 1919-1920 to 1926-1927 the number of graduates of Harvard College enrolled in the Business School showed a small increase, from 105 to 120. The number of graduates of other colleges, in contrast, increased from 293 in 1919-1920 to 633 in 1926-1927. In 1926-1927 graduates of 203 colleges were enrolled in the Harvard Business School and the number remained about the same in the following years. In 1926-1927, when Harvard College had 120 graduates at the School, Yale had 31, Dartmouth 30, Stanford 30, Princeton 17, University of California 17, Williams 14, Cornell 13, Brown 12, University of Kansas 12, Boston College 11, Amherst 10, Bowdoin 10, and University of Washington 10. One hundred and eighty-nine other colleges in the United States and foreign countries were represented by from one to nine students each. The School had become a national institution.

From 1927 to 1942 over 60 per cent of the students in the Business School were graduates of liberal arts colleges, about 17 per cent were from state universities, about 4 per cent were from engineering schools; the remainder were from other types of American and foreign educational institutions.

The students came from widely diversified geographical areas. Most of the states were represented each year and, typically, so were about a dozen foreign countries. Foreign exchange difficulties and political complications of course reduced the number of foreign students in some years. In referring to students from "foreign countries" here and elsewhere, it should be explained, perhaps, that in this Business School classification Canada is not deemed to be a "foreign country."

The diversity of sources of students had definite social and educational advantages; the School became an arena in which students with many different geographical, social, and educational backgrounds and points of view could exchange ideas and experiences. But at the same time that diversity presented to the administrative



officers of the School many perplexing problems as to admissions and student orientation.

One other fact to be noted from the data in Table 3 is the increase in the number of students in the second-year class. Whereas 40 per cent of the students who entered the School in 1919-1920 returned for the second-year work, over 73 per cent of the first-year students in 1925-1926 returned. That change was brought about in part by more careful selection from the candidates for admission, in part by the deterring effect which first-year failures had upon applications from the lower scholastic ranks, and especially by the development of new methods of instruction and the strengthening of the second-year program. Then, too, the School was acquiring a reputation as an institution where a degree was not easy of attainment. A student who dropped out at the end of his first year might have to explain to a prospective employer and to his friends why he did not return to complete the work.

Although the scholastic mortality of first-year students fluctuated considerably from 1925 to 1941, it was common to have about 10 per cent to 12 per cent of the students in each entering class ineligible to return for the second year. The Visiting Committee commented on this shrinkage in its report of May 10, 1937. After citing statistics on the mortality of first-year students, the Committee stated: "While economic conditions have undoubtedly had an influence on this, it would appear to be an unnecessary economic waste and can be accounted for only by one of two explanations: not sufficient care is taken in the first-year admittance or the students do not find the work of sufficient interest to stimulate a satisfactory standing."

The second explanation accounted for some cases of failure. Certain students who entered the School because of parental or other pressure did not have their hearts in the work and consequently fell by the wayside. A few succumbed to the diversions of metropolitan life. But the major cause for the first-year mortality was the lack of ability to swing the work. In other words, selection for admission was at fault. The deficiency in selection for admission, however, was not the result of inadequate care but rather of

the tremendous difficulty of judging the qualifications of hundreds of applicants from about 200 different colleges and universities with widely varying academic standards and requirements. Appraisal of applicants' qualifications always has been a most perplexing task. A large majority of each class, nevertheless, was made up of able, hard-working students whose capacity and whose enthusiasm made teaching in the School a satisfying experience.

Throughout the period from 1922 to 1940-1941 a very large majority of the students who did complete the first-year work satisfactorily returned for the second-year program. In the fall of 1929, 89.6 per cent of the first-year students eligible to return showed up for the second year. During the depression, from 1930 to 1934, the ratio of eligible first-year men returning for the second year fell off to a low of 81.9, in 1933. That decline was caused in some instances by shortages of financial means among the students and their families. The decline also was occasioned in part by the job hunters, who obtained summer employment on the strength of having spent one year at the Business School and who chose to hold on to those jobs, or who were not sufficiently interested in the work of the School to return.

From 1935 until World War II began to interfere with the scholastic activities of American students, over 90 per cent of the first-year students who were eligible returned for the second year.

### *Program of Instruction*

During Dean Donham's administration many changes were made in the curriculum and the over-all program of instruction. It already has been noted that by 1924 the task of putting instruction on the case system had been pretty much accomplished, one of the great achievements of this administration. There also was a continuation of the trend toward general administrative courses based on functions and tools of management rather than on types of business enterprise. Human relations in industry, business history, relations of business and government, and relations of business, agriculture, and government were accorded increased attention. Some of these

developments are discussed more fully in later chapters. Here attention is directed briefly to a few of the specific educational patterns which were introduced.

### STUDY GROUPS

Out of the informal discussions held by the Dean and the teaching staff in the winter of 1919-1920 there emerged a program of study groups. The first study groups were: Accounting, Actuarial Training, Banking, Business Statistics, Foreign Trade, Industrial Management, Lumbering, Marketing, and Transportation. Each student was expected to elect one of these, and his election then governed the courses which he must take and those from which he could choose.

In 1921-1922 the courses in Insurance were discontinued and the study group for Actuarial Training was dropped. In 1922-1923 the group for Banking was subdivided into Investment Banking and Commercial Banking. In 1924-1925 Lumbering was discontinued, and that group was dropped. In the same year a new study group on Public Utility Management was added.

The study-group program made it necessary for the students to think about their objectives and to avoid hit-or-miss selections of courses. There was enough flexibility in the administration of the program, however, to enable each student to take almost any course that he chose, provided he could offer good reasons. In other words, the study-group program was a guide rather than a straight jacket. As the requirements for the first-year work became more and more standardized, the study groups came to apply chiefly to the election of courses by second-year students.

Probably the greatest influence of the study-group program was on the curriculum itself. The program set a sort of standard by which to judge suggestions for the addition of new courses or the discontinuance of a course already being offered. Any course which did not fit into one of the existing study groups or which would not warrant the setting up of a new one could be taken as not properly having a place in the curriculum.

The planning of the study groups was based in part on the past

experience of the School and in part on the objectives set forth in Dean Donham's memorandum as to the aims of the School.<sup>1</sup> While the number of students in the School was growing so rapidly, this program facilitated the administrative supervision of their course planning and furnished a useful guide for curriculum adjustments.

#### INTRODUCTORY LECTURES

At the opening of the academic year 1920-1921, a series of introductory lectures was given to the entering class as an experiment in student orientation.

"This group of lectures," the Dean stated in his annual report, "covered the organization of the School from an educational and administrative point of view; the aims of the School and its relation to the student; the things which the staff is attempting to accomplish, and especially the things which it is not attempting to accomplish; the methods adopted for the purpose of accomplishing these objects, with a somewhat careful explanation of the case system and its relation to training for business; general instruction in the gathering of material for and the presentation of written reports; the use of the library; and similar subjects important to the student in all the work in the School rather than for any particular course." The experiment, I feel sure, proved helpful to the students.

#### INTRODUCTORY PROBLEM

The following year, 1921-1922, the introductory lectures were supplemented by an "introductory problem," which presented a lengthy statement of a complicated business situation. Copies of the introductory problem were handed to the students at the first introductory lecture as an assignment for study. The problem was, of course, far over their heads and they were terribly baffled. But at subsequent meetings with the students the Dean went through it step by step, pointing out the various administrative issues involved. Through this procedure Dean Donham gave the students a perspective on business administration as contrasted with operat-

<sup>1</sup> See Chapter III, pp. 77-82.

ing techniques and indicated to them that administration involved the making of decisions on problems such as they would encounter in the cases they would be called upon to discuss. The introductory problem also served to show the inescapable interrelationships of departmental activities in business. The use of the introductory problem was continued effectively for several years.

#### CURRICULUM

In 1920 the pattern of first-year requirements was altered. Commercial Contracts became an elective rather than a required course. Accounting and Marketing continued as required first-year subjects, and Factory Management and Finance were added to the required list. In 1923 Statistics also became a required first-year course.

In 1920 Business Policy was made a required course for all second-year students. As that course previously had been elected by a large majority of the second-year students, its requirement did not greatly alter the pattern of second-year work. The requirement did assure, however, that all the students in their second year would have one experience in common.

During Dean Donham's administration instruction in the School was in a state of more or less continual ferment. Modifications were made as the result of research, development of new ideas by the instructors, occasional changes in the teaching staff, and pedagogical experimentation. Dean Donham encouraged reappraisals of the courses of instruction. He was prone to remark that anything which had been done in the same way for more than three years very likely was not being done most advantageously.

Within the fields of Accounting, Finance, Industrial Management, Statistics, and Marketing, several changes were made from time to time in the number of courses offered as well as in the content of the older courses. And several new courses were added in other fields, some of them being given for only a few years while others became permanent additions to the curriculum.

Manufacturing Industries, a new course, was introduced by Professor Georges F. Doriot in 1926. New courses also were added in the field of Transportation. Until 1933 the courses in that field

were concerned solely with railroad organization and operation and traffic management. In 1933 courses on Water Transportation and Highway Transportation were added, and in 1938 a course on Air Transportation was added.

In 1929 two courses in Real Estate were introduced into the curriculum with encouragement from men in the real estate business. They were discontinued in 1933. This was another experiment with courses in a specialized industry.

In 1928 Professor Doriot was asked to teach the course in Business Policy, and he transferred to Policy the substance of his course in Manufacturing Industries. This represented a distinct change, as previously Business Policy had been a course in which a series of more or less heterogeneous administrative problems had been presented by outside lecturers. Then in 1930 a second Policy course, using general management cases, was introduced, and for several years second-year students had a choice as to which of the two they would take. In 1935 it was decided to offer only one course on Business Policy, that to be of the general management type.

A course in Business Ethics was added to the curriculum in 1928 and continued experimentally until 1935. The Faculty was unanimously of the opinion that instruction in the ethical problems of business administration should be provided in the School, but the conclusion finally was reached that those problems could be dealt with more effectively by incorporating them in the various courses than by segregating them for discussion in a separate course. Problems involving ethical considerations had been discussed in most of the courses in the School from the time it was founded.

Instruction in business history had been included as part of the Business Policy course beginning in 1926. Business History became a separate course in 1930; Professor N. S. B. Gras, who had joined the Faculty in 1927, was in charge and it was under his guidance that the subject of business history came into its own.

In his report for 1932-1933 — at the bottom of the business depression — Dean Donham discussed briefly the new relations between business and government which he saw emerging. In his report for the following year he elaborated on that topic and em-

phasized the need for men equipped with an understanding of both business administration and government administration. And he observed: "At this point this School can make a definite contribution to future progress by returning to the original plan of the Division of History and Political Science of the Faculty of Arts and Sciences on whose recommendation the School was established. We must become a School of public as well as private business."

On October 3, 1934, Dean Donham submitted to the Faculty a memorandum on the subject of training men for public as well as private business. That memorandum suggested "the organization of a curriculum in Public Administration somewhat differentiated from the regular courses after the middle of the first year and with substantially different electives in the second year."

Out of the discussion of that memorandum and other proposals, a new study group, Public Business Administration, was evolved starting with the academic year 1935-1936. In 1937 the title of the course in Public Business Administration was changed to Governmental Relations, and the study group became less formalized. Instruction continued to be given in the relations of government to business, but the program for training especially for government service was curtailed rather than expanded as new emergencies arose which caused the Dean's interest to shift in other directions and as the students generally manifested a strong leaning toward employment in private business. The greater attention directed toward the interplay between government policies and business administration in the 1930's, however, was further emphasized in the School's program of instruction in the period following World War II.

It should be remarked, perhaps, that when the Dean spoke about "returning to the original plan of the Division of History and Political Science" he was using an advocate's license; the course in Public Administration was, in fact, only remotely similar to the early plans of 1906 and not at all akin to President Eliot's initial suggestion of 1898.

Closely allied to the program for training in the relations between government and business was another new course added to the

curriculum in 1935, Agricultural Industries. That course was designed to provide a background for students who were to enter business in areas where the handling and processing of agricultural products played an important part in the economic welfare of the community. It also dealt with the economic, social, and political implications of government programs in aid of agriculture, including the control of production.

In 1936 instruction in Human Problems of Administration was inaugurated by Professor Elton Mayo.<sup>2</sup>

After the war broke out in Europe in 1939 and the threat that this country might become involved became more apparent, courses in the field of national defense, including Quartermaster Administration and National Defense Problems, were added to the curriculum.

Such were some of the major changes in the curriculum of the Business School during Dean Donham's administration.

#### FACULTY ADVISERS

In the spring of 1921 a system of faculty advisers was adopted. Under that system, each second-year student was assigned to a member of the Faculty in his field of concentration. It was the duty of the Faculty member to become acquainted with his advisees and to aid them in planning their work and in dealing with personal problems. That system was continued for several years. Its effectiveness varied greatly from instance to instance. Some members of the Faculty devoted a great deal of time and effort to their advisory assignment; others were more casual in their performances. Some of the students utilized assiduously the opportunities thus afforded them; but many conferred as freely with other members of the Faculty as with their advisers. Many members of the Faculty of the School always have had their doors open to students, and for the most part students have seemed to feel free to consult.

#### DOCTORAL DEGREE

In 1922 the School was authorized by the Governing Boards to grant the degree of Doctor of Commercial Science. Although the

<sup>2</sup> See Chapter VIII, pp. 240-242.



cooperative program with the Department of Economics had served a useful purpose and was continued to meet the needs of certain students in the Graduate School of Arts and Sciences, it was deemed desirable for the Business School to have its own doctoral program planned particularly for the training of teachers and research specialists in the field of business administration.

#### TUTORIAL SYSTEM

In 1929 a tutorial system was inaugurated which was open to second-year students whose first-year work made them prospective candidates for degrees "with Distinction." A student who elected the tutorial system was relieved of all regular course work except that in Business Policy. He worked out a special program supposedly adapted to his particular needs and interests and carried it out under the guidance of a Tutor. At the end of the year tutorial examinations were given to the candidates by a special committee. In 1929-1930, 79 students were eligible to study under the tutorial plan, and 47 exercised the option. In 1930-1931 the tutorial plan was limited to the second half of the second year, and the following year the plan was discontinued. The system of oral examinations growing out of that experiment was utilized, however, for several years thereafter in the awarding of degrees with Distinction.

That experiment with tutorialism reflected a willingness on the part of the Faculty to try out an adaptation of a plan being used elsewhere in the University in an effort to make sure that the abler students were given as great an opportunity as possible for development of their capacities. It also demonstrated, I believe, that participation in classroom discussion of cases, as members of an active group, was more educative for most students at that stage of their development than was the work done under a tutor. To make a tutorial system really work successfully, I am convinced the tutors should be mature men with a thorough grasp of their fields and a broad point of view, and they should be so lightly burdened with other assignments that they can devote plenty of time to consultation with their charges. A fulfillment of those conditions would have made the tutorial system prohibitively expensive. In the Busi-

ness School the use of the case system, with active classroom discussion, gave the competent student adequate opportunity to develop initiative and independent thinking.

#### SESSIONS FOR BUSINESSMEN

A venture foreshadowing a later major development in the School's program was the holding of special sessions for business executives, the first in the summer of 1928. In that session five courses were offered: Finance; Marketing, Sales Management and Advertising; Marketing, Retail Store Management and Advertising; Public Utility Management and Economics; and Transportation. There were 179 men who enrolled in the session, 170 from business and 9 from colleges. Of these men 85 per cent were from 25 to 44 years of age and about half were college graduates. The session lasted for six weeks.

The enrollment for the second special session, held in the summer of 1929, was 224. The average age was 34 years, and over half were college graduates. The expenses of somewhat more than one fourth of those attending the session were paid by the companies by which they were employed. In that second session six courses were offered, each requiring the full time of the students registering in it. In all these special sessions the instruction was by the case method, the cases used being selected from those discussed in the regular courses in the School. In 1930 the special summer session for businessmen was shortened to one month. Five courses were offered, with a total enrollment of 156. In 1931 these summer sessions were discontinued, partly because of the prevalent industrial depression and also because of loss of enthusiasm by members of the Faculty for such summer employment. In July 1936, however, another session was held. In that year three courses were offered and 55 men were registered. The program was repeated in the summer of 1937, but not thereafter.

Those summer sessions were a useful experiment. The men who attended generally were interested and many of them were enthusiastic. The members of the Faculty who taught them also generally found the experience stimulating, although at times an

exhaustive drain upon their vitality. A careful selection of candidates, however, did not seem to be workable, with the result that the men who registered varied widely in their aptitudes and capacities. The period of instruction was too short, furthermore, for effective pedagogy, especially for the men who had never been to college or who had been out of college for some years.

### *Operating Finances*

In the following comments an attempt is made to give a broad picture of the School's financial problems without going into technical explanations of various aspects of the University's accounting methods. The financial record of the School during the Donham administration is summarized in Tables 4, 5 and 6.

The first thing to be noted is the jump in the financial scale of operations. In 1919-1920 the total expense of operating the School was 149,210 dollars. In 1926-1927 the total expense was 614,562 dollars. In 1929-1930 the total expense reached one million dollars and it remained just under or just over that figure each year until the disruption of World War II. The School, which had started in 1908 with an underwriting of twenty-five thousand dollars a year, thus came to have a million-dollar budget to finance.

#### EXPENSES, 1919-1920 TO 1926-1927

From 1919-1920 to 1926-1927 the expense for "Instruction" increased 128 per cent; Administration, 312 per cent; Library 514 per cent; Research 532 per cent; and Student Health, 932 per cent. These percentage figures are useful chiefly for dramatizing, if figures ever can be dramatic, the new conditions encountered by the School, new concepts of instruction and research, and new views on the responsibility of the institution to its students. Similar data for other institutions of higher learning I would expect to show somewhat the same trends.

The increase in expense for "Instruction" was caused by some increases in the salary scale to meet living costs and by the larger Faculty required by the growth in enrollment.

TABLE 4

## HARVARD GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

*Income and Expenses, 1919-1920 to 1926-1927*

	1919-1920	1920-1921	1921-1922	1922-1923	1923-1924	1924-1925	1925-1926	1926-1927
<i>Income</i>								
Gifts for Endowment	—	471,991	—	26,552	18,122	63,188	50,000	673,393
Endowment Principal (Cum.)	471,991	471,991	471,991	498,543	516,665	579,753	629,753	1,303,125
Income from Endowment Funds	24,459	25,451	25,451	26,489	33,311	33,504	40,691	46,706
Gifts for Research	8,052	30,187	60,897	71,560	109,465	137,930	237,762	146,399
Gifts for Loan Fund	350	5,650	3,762	3,975	10,765	24,050	50,600	975
Gifts for Library & Books	225	125	125	400	325	150	9,901	1,744
Gifts for Miscellaneous	12,400	13,082	1,825	—	—	2,775	—	31,000
Gifts for Scholarships & Prizes	300	500	—	—	1,018	1,150	76	100
Gifts for Construction	—	—	—	—	—	3,225,900	—	921,836
Gift Balance	4,490	21,861	20,843	15,586	23,931	38,040	80,239	96,867
Harvard Advertising Awards	—	—	—	—	10,000	10,207	13,250	19,831
Receipts Publication Fund	—	4,435	2,477	3,107	3,135	4,875	7,119	3,651
Income from Tuition	69,615	96,207	185,182	189,344	213,981	245,670	303,570	345,922
Departmental Balance	—	—	23,468	18,300	19,092	—	—	—
Dormitory Income	—	—	—	—	—	—	—	161,114
<i>Expenses</i>								
Instruction	89,162	115,012	123,279	140,305	158,227	178,296	213,762	203,910
Administration	18,082	50,168	44,430	43,690	44,134	48,257	59,563	74,471
Library	10,447	22,626	31,984	30,839	37,432	52,990	52,627	64,187
Research	23,433	40,968	55,323	94,211	155,932	182,383	158,958	148,217
Awards to Students	4,170	2,358	2,537	1,960	3,868	1,285	800	3,050
Buildings (Educational)	2,409	12,540	2,060	3,354	8,605	9,526	4,948	17,094
Dormitories	—	—	—	—	—	—	—	60,035
Student Health	1,507	1,752	2,252	2,162	3,479	4,025	4,424	15,559
Harvard Advertising Awards	—	—	—	—	1,002	18,158	15,061	20,152
Miscellaneous	—	—	—	—	—	—	—	7,887
TOTAL EXPENSE	149,210	245,424	261,865	316,521	412,679	494,920	510,143	614,562
TOTAL INCOME AVAILABLE OF	140,502	169,351	285,334	324,853	413,471	445,940	500,030	648,205
Operating Surplus	—	—	23,469	8,332	792	—	39,887*	33,643*
Operating Deficit	8,708	76,073	—	—	—	48,980	—	—
<i>Expenses, nonrecurring</i>								
Building Construction	—	—	—	—	—	—	—	116,616

\* Paid to University for deficit of previous years

The increase in the expense for "Administration" is especially significant. It emphasizes a long-neglected and often misunderstood phase of higher education. It will be recalled that President Eliot in 1908 had indicated to Professor Gay that he might expect the new Business School practically to run itself after the first couple of years.

It was true that before World War I the School was of a size which permitted personal supervision by the Dean. After 1919, however, the School became so large that an administrative organization was required.

As soon as Mr. Donham became Dean, he realized that he needed assistance in operating the central office of the School. He needed more secretarial help. He needed assistants who could handle many of the problems of student aid, student advice, student discipline, and student placement. Alumni relations also required attention. And visitors should be courteously received. Then, too, there were the problems of student admission, the preparation of the School catalogue, and so on and on.

Dean Donham, I think it worth noting, was one of the first college or university administrators to recognize and do something about the waste involved in having Faculty members handle their own correspondence by the ancient longhand method; he provided them with secretarial assistance.

It was a principle of Dean Donham's administration to give his Faculty plenty of help, and to release them from drudgery. Assistant Deans attended to administrative details, and secretaries, graders, and research assistants were supplied on a scale which, by comparison with other parts of the University, certainly would have to be described as generous, if not lavish. The intent was to give men no excuse for not gaining a mastery of all the facts in their fields.<sup>3</sup>

<sup>3</sup> "He Came to the School Inquiring," by members of the Faculty, *Harvard Business School Alumni Bulletin*, Summer 1942, p. 221. This issue of the *Bulletin* contains several valuable articles about Dean Donham and his administration, written on the occasion of his retirement.

On one occasion President Lowell wrote to the Dean that the Corporation thought the School's administrative budget was a little high, but the Dean apparently was able to justify his organization.

"Library" expense included both the costs of acquiring and processing new books and periodicals and the expenses of operation. By the 1920's the output of business literature was substantially greater than it had been ten years earlier, hence more books and magazines to buy and catalog for the Library. The larger student body also necessitated some increase in the expense incurred for delivery-desk and reading-room attendants.

The major item in the increase in the expense for "Research" was the cost of collecting cases for teaching purposes. Studies of operating expenses in various trades and industries were carried on throughout most of the period with funds provided by those industries and trades. A few projects for which special funds were given to the School also were undertaken. But the biggest increment in cost was for case collection. During 1922, 1923, and 1924 that increase was especially heavy; it was during those years that the instruction in the School was so rapidly put on the case basis.

In his report for 1920-1921, Dean Donham remarked:

When the case system is once installed, the expense of keeping it up to date should be considered a part of the cost of instruction, but this initial cost is in the nature of a capital expense. It is improper in a period of rapid development like the present one to include such development and capital expenditures in the tuition fees. It is also improper to make good the deficit of the School (at the end of this year approximately \$80,000) by charging this deficit against future students.

The cost of case research, however, did not taper off as the Dean had anticipated. I sometimes wonder whether Dean Donham's great courage would have faltered had he foreseen in 1920-1921 the heavy financial expense which would be incurred permanently for the support of case research.

The increase in the expense for "Student Health" in 1926-1927 reflected the introduction of a medical office at the new plant. Up to that time students in the Business School had called upon

the Harvard College physician or gone to the College Infirmary for such medical attention as they received from the University, and the School had been charged its pro rata share of the expense involved. When the School moved to Soldiers Field a medical office was set up in Morgan Hall, with a physician in attendance.

#### INCOME, 1919-1920 TO 1926-1927

The largest single source of income for the School was tuition. As the amounts charged for tuition increased, however, an added burden was put on the student loan fund. In order to aid worthy students for whom the increased tuition might be a hardship, efforts had to be made to increase the fund. With the help of the Visiting Committee 85,415 dollars were added to the fund in the three years 1923-1926. Smaller additions were made in other years. Income and expenditures from the loan fund were not included in the School's operating budget.

Beginning in 1922 additions were made each year to the School's endowment funds. In 1926-1927 Mr. George F. Baker made a large gift for endowment in addition to his contribution for the construction of new buildings. Income from endowment funds, however, did not keep pace with the growing needs of the School during the building campaign period, 1919-1927. In 1919-1920 the income from endowment funds amounted to 16.4 per cent of the total operating expense of the School. In 1926-1927, it was 7.6 per cent, a lower ratio than that of any other major unit in the University. Because of the relatively small income from endowment, some of the activities of the School, notably its research work, were precariously dependent upon a continual flow of annual gifts.

The increase in the "Gifts for Research" in 1923-1924 and subsequent years was the result in part of the activity of members of the Visiting Committee. In 1922-1923 that Committee had appointed a subcommittee in Boston and another in New York to raise one hundred thousand dollars a year for three years to help defray the costs of collecting cases.

With the exception of three years during this period, as the data in Table 4 show, the Dean was able to keep the School's budget

in balance. During 1919-1920 and 1920-1921, the first two years of Dean Donham's administration, a deficit amounting to approximately eighty thousand dollars was incurred. That deficit, as the Dean explained in his report for 1921-1922, was absorbed by the University out of general funds. This was the only instance in which the School received an unrepaid contribution from University funds.

When he was invited by President Lowell to accept the deanship, Mr. Donham had requested, as a condition of his acceptance, that any deficit which was incurred during the first two years would be met by the University. President Lowell agreed to that arrangement, and, as stated above, the deficit was absorbed. The matter was a cause, however, for some annoyance to the Dean, inasmuch as the Comptroller of the University kept prodding him and also the President about it. On November 23, 1920, for example, the President wrote to Dean Donham:

Mr. Mead [the Comptroller] tells me that you have the impression that the Corporation said that they would look after your deficit for this year, but perhaps all they agreed was that it should be looked after up to the time when the embargo on begging is taken off. This will happen on January 1st, and I suppose we ought to make some equitable arrangement about the matter now.

Even after the Corporation had absorbed the deficit, the Comptroller continued to put pressure on the Dean, as reflected in a letter which the Dean sent to him, April 16, 1923. In that letter the Dean stated:

The deficits the first two years I was connected with the School were incurred with the approval of the President under the agreement that I should be given two years to study the educational problems before tackling the financial problems. During this whole period after January, 1920, the School has operated on a budget system. Our expenditures have always been under budgetary control. A deficit would take away our principal argument with businessmen.

There was another deficit in 1924-1925, while the Dean was so busy with the fund campaign that he could not spend adequate



time in raising money for current purposes. But that deficit was repaid out of School income within the next two years.

The increases in tuition were sufficient eventually to cover costs of instruction and other current operating expenses, but the expenses of case research and other developmental features of the program of the School during the 1920's had to be met mostly from a continual flow of gifts. And those gifts usually were obtained by solicitation by the Dean and his friends and associates. It was only by continual, diligent effort on the part of the Dean that the School's solvency was maintained.

#### EXPENSES, 1927-1928 TO 1941-1942

Through the period 1927 to 1942 it continued to be nip and tuck as to whether the annual budget could be balanced and the solvency of the School maintained. If the School was to remain in operation and to uphold its educational standards, the Faculty and staff could not be laid off temporarily as a measure of economy. Many of the expenses of the School, in fact, could not readily be shrunk even though a drop in income seemed to impend. The senior professors had life tenure and their salaries were not high enough to permit of much paring. The assistant professors and associate professors usually held appointments of three to five years, and if their work was satisfactory they normally received promotions in due course. To hold competent members of the teaching staff and to attract promising young men for future service, the School had to respect its salary scales and its normal schedules of promotions even in periods of business depression. The School always had to compete with potential business employers. Inasmuch as the School could not offer as high salaries as these stood ready to provide, it would have had no means of holding its Faculty or of building for the future if confidence in security of tenure and in opportunities for promotion had been lost. Opportunities for some retrenchment did arise from time to time, of course, when vacancies occurred through resignation or otherwise, but much of the expense of instruction was relatively fixed.

The expense of administration likewise could not readily be cut.

TABLE 3

## HARVARD GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

## Income and Expenses, 1927-1928 to 1934-1935

	1927-1928	1928-1929	1929-1930	1930-1931	1931-1932	1932-1933	1933-1934	1934-1935
<i>Income</i>								
Gifts for Endowment	293,806	530,980	2,850	171,011	210	145	257	265
Endowment Principal	1,596,952	2,127,932	2,343,832*	2,514,843	2,515,053	2,515,198	2,515,455	2,515,720
Income from Endowment Funds	90,072	101,080	122,726	135,359	141,981	110,522	109,034	107,524
Gifts for Research	146,749	138,646	115,792	53,948	69,754	71,257	73,090	68,501
Gifts for Loan Fund	1,655	5,233	1,005	1,193	5,263	—	1,410	178
Gifts for Library & Books	31,713	19,019	31,480	25,000	18,760	—	6	—
Gifts for Miscellaneous	55,500	65,827	38,167	34,000	43,272	32,975	17,019	40,480
Gifts for Scholarships & Prizes	2,500	—	—	—	750	750	—	1,150
Gifts for Construction	—	—	25,000	130,352	110,251	30,067	35,047	60,000
Gifts from The Associates	21,000	22,141	26,235	18,482	—	—	—	—
Harvard Advertising Awards	58,459	70,320	59,103	43,586	64,808	39,687	50,589	36,555
Gift Balance	—	—	1,767	1,950	1,473	145	10	—
Harvard Business Review Receipts	353,977	449,479	532,409	616,679	674,128	562,308	512,650	436,367
Income from Tuition	—	—	—	—	—	12,371	16,037	27,741
Departmental Balance	8,163	7,924	4,926	3,715	3,409	2,088	3,201	2,410
Receipts Publication Fund	191,777	201,616	215,776	219,465	213,556	192,695	152,487	144,503
Dormitory Income	—	1,665	1,718	2,349	4,725	3,060	8,055	9,062
Receipts — Straus Hall	5,856	—	—	—	—	—	—	—
<i>Expenses</i>								
Instruction	265,538	302,355	341,068	410,429	452,549	442,908	408,059	390,578
Administration	76,848	81,301	91,744	100,262	101,655	77,025	79,841	77,854
Library	111,658	116,621	135,032	135,290	175,733	106,053	105,324	103,600
Research	194,275	178,474	191,159	219,185	189,561	141,466	146,813	175,190
Awards to Students	4,675	2,100	1,825	4,950	6,875	8,457	20,590	22,665
Buildings (Educational)	48,438	53,384	57,748	57,719	49,102	41,116	41,289	41,347
Dormitories	101,399	118,002	118,504	109,103	106,458	81,439	84,669	84,020
Student Health	18,164	18,948	23,764	23,180	21,906	17,378	17,059	16,395
Harvard Advertising Awards	19,951	18,504	26,699	21,649	—	—	—	—
Summer School	—	28,142	44,402	32,482	27,742	—	—	—
Harvard Business Review	—	—	1,117	2,028	1,788	—	—	—
Miscellaneous	—	3,004	8,563	—	—	3,768	2,133	89
TOTAL EXPENSE	840,926	920,835	1,041,625	1,116,227	1,133,369	919,858	905,924	911,735
TOTAL INCOME AVAILABLE OF	840,926	920,835	1,041,625	1,116,227	1,133,369	932,229	909,589	923,439
<i>Operating Surplus</i>	—	—	—	—	—	12,371	3,665	11,704
<i>Operating Deficit</i>	—	—	—	—	—	—	—	—
<i>Expenses, nonrecurring</i>								
Building Construction	101,209	81,230	56,071	137,730	85,000	25,000	25,000	6,527
Reserve, Special Library Purchase	—	—	—	—	—	12,000	—	—
Payments, Loan Fund Deficit	488	4,482	12,496	—	—	—	—	—

\* Includes 10 per cent capital gain.

TABLE 6

## HARVARD GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

*Income and Expenses, 1935-1936 to 1941-1942*

	1935-1936	1936-1937	1937-1938	1938-1939	1939-1940	1940-1941	1941-1942
<i>Income</i>							
Gifts for Endowment	324	25,224	340,364	110,803	114,242	—	109,795
Endowment Principal	2,516,044	2,540,263	2,880,627	2,777,973*	2,892,215	2,892,215	3,002,010
Income from Endowment Funds	105,785	105,256	109,014	139,894	136,564	127,077	141,412
Gifts for Research	73,713	97,466	87,295	87,578	74,733	106,415	78,867
Gifts for Loan Fund	80	1,100	—	—	153	457	—
Gifts for Library & Books	975	35,455	76,940	70,480	2,433	1,840	9,046
Gifts for Miscellaneous	31,110	36,423	29,370	4,620	14,064	12,977	1,200
Gifts for Scholarships & Prizes	1,170	730	1,369	675	1,325	1,675	2,725
Gifts from The Associates	70,000	35,000	40,000	23,000	15,000	40,000	30,000
Gift Balance	37,525	61,952	47,534	19,860	48,825	64,376	99,325
Income from Tuition	459,036	540,728	590,647	607,129	569,695	541,486	584,015
Departmental Balance	24,637	27,756	20,525	20,620	24,023	24,258	42,418
Receipts Publication Fund	2,014	2,687	3,310	3,955	4,507	331	1,108
Dormitory Income	160,470	185,803	194,998	193,780	189,207	174,534	226,916
Receipts — Straus Hall	9,395	10,232	8,224	8,156	8,256	10,021	—
<i>Expenses</i>							
Instruction	417,258	427,251	475,535	463,995	444,037	437,409	473,616
Administration	71,790	78,096	86,137	85,726	88,074	90,813	113,800
Library	66,299	123,817	193,845	115,135	87,723	80,273	85,165
Research	176,675	171,078	200,565	220,320	177,085	189,794	193,810
Awards to Students	22,973	23,059	23,505	23,790	25,020	44,873	56,580
Buildings (Educational)	41,256	45,889	43,766	48,971	59,228	47,532	55,705
Dormitories	78,485	80,897	89,196	107,323	94,785	93,146	118,891
Student Health	17,057	19,150	20,980	22,300	20,770	19,700	19,110
Miscellaneous	—	—	—	2,051	68	178	14,459
Summer School	—	10,987	13,899	—	—	—	—
TOTAL EXPENSE	891,793	980,224	1,147,428	1,089,611	996,790	1,003,468	1,131,136
TOTAL INCOME AVAILABLE OF	888,689	983,343	1,140,198	1,089,706	1,000,192	1,003,632	1,094,627
OPERATING SURPLUS	—	3,119	—	95	3,402	164	—
OPERATING DEFICIT	3,104	—	7,230	—	—	—	36,509
<i>Expenses, nonrecurring</i>							
Building Construction and Furnishing	19,108	55,000	38,113	—	—	—	—

\* 10 per cent capital gain withdrawn from principal

Indeed, the problems raised by the emergencies of the depression and its aftermath required additional administrative work. The situation was much the same in the Library, in the research program, and, of course, in the operation of the physical plant of the School.

As the data in Tables 5 and 6 indicate, the School's budget was kept in balance during this emergency period, but the balancing was accomplished only with a mighty effort. Behind practically every expense item is a story of a struggle to reconcile conflicting needs and to maintain and improve the School's services while still effecting economies. The income items, for their part, reflect never-ceasing efforts to obtain new funds.

In addition to meeting current expenses, furthermore, the School was obligated to pay off a debt to the University. When the new plant was built, unanticipated construction costs were incurred because of the swampy conditions of part of the building site, and later further capital expenditures became necessary to make certain additions and alterations. Funds for financing these construction costs had been borrowed from the University, and the repayments of principal and interest from 1926 to 1938 amounted to 746,604 dollars. Income from dormitory rentals was used to liquidate that indebtedness.

Among the expense items in this period, there is one which calls for some further comment since it involved a major change in policy. That item is scholarships, included under "Awards to Students" in the operating statements.

In 1913 the awarding of scholarships for student aid had been discontinued in the Business School and thereafter until 1932 such assistance as had been required was furnished by the loan fund; the small sums listed under "Awards to Students" during the period were for prizes and other special awards. In 1932, however, when the depression gave rise to abnormal financial needs among the students, a system of Service Scholarships was introduced. Opportunities for remunerative work were provided on grounds and buildings, in the dining halls, and in the Library and laboratories. In 1932-1933, the Service Scholarships provided financial assist-

ance amounting to over seven thousand dollars to fifty-three students. That assistance was over and above the loans made to students from the loan fund.

In 1933 a plan for Business School Alumni Club Scholarships was set up, with the School providing the funds. The scholarships, amounting to three hundred dollars each, were granted to eighteen students in 1933-1934, each having been selected by an alumni club. The total cost to the School for those scholarships was 5,250 dollars. In the following year, the same plan was continued, with a new provision that the School would allot an additional one hundred and fifty dollars to any club which itself would raise one hundred and fifty dollars for a second scholarship.

In 1940-1941 a plan for National Scholarships was inaugurated at the School, analogous to a program previously introduced in Harvard College. Under the Business School plan twenty to twenty-five scholarships, in amounts up to a thousand dollars each, were offered each year. The net result of these new offerings was to increase the expense of "Awards to Students" from 1,825 dollars in 1929-1930 to 56,580 dollars in 1941-1942.

The changes in the program for financial aid to students in the 1930's reflected the characteristic readiness of Dean Donham to readjust the policies of the School, with Faculty approval of course, as conditions changed and as new programs were introduced elsewhere in the University.

#### INCOME, 1927-1928 TO 1941-1942

The School's endowment fund nearly doubled between 1927 and 1942, but again income from endowment did not rise commensurately. Because of the lower rates of return on investments which followed the business depression of the early 1930's, an increase of 88 per cent in the School's endowment between 1927 and 1942 yielded an increase in income of only 57 per cent. In 1941-1942 the School's income from endowment funds covered only 12.5 per cent of the School's operating expenses. That was the lowest ratio in any of the larger units in the University.

As the data in Tables 5 and 6 show, gifts constituted a substan-

tial amount of the income of the Business School during the emergency period, as they had in preceding years. Many of those gifts were for designated purposes. The largest gift was six hundred thousand dollars, spread over the fifteen-year period, from the Rockefeller Foundation for research in the human problems of industry. The Rockefeller Foundation also gave one hundred and twenty-five thousand dollars in the period 1927-1932 for the Library.

### *The Two Hundred Fifty Associates*

One of the most helpful sources of funds during the emergency period was the organization known as "The Two Hundred Fifty Associates" of the Harvard Business School, established in February 1930. The plan for that organization was devised by Dean Donham, who then enlisted the backing of the Visiting Committee of the School to put it into effect. The organization was set up as a nonprofit Association under the laws of Massachusetts. The Trustees of the Association were members of the Visiting Committee. Membership in the Association was limited to two hundred at the outset, and each member was to contribute one thousand dollars a year. The funds were held by the Trustees and turned over to the School for specific purposes, as needed. The amount entered in the annual report of the Treasurer as "Gifts from The Associates" to the Business School was the amount paid to the University by the Trustees, not the amount received by them.

The privileges of membership were stated as follows in the brochure issued by the Organization Committee of The Associates:

Opportunities will be accorded all members to observe the experiments of the School at first-hand and, insofar as may be practicable, to participate in them. Each member will be furnished regularly with progress reports on the work of the School, and will be entitled to all its publications and to business books published by members of its Faculty. Subject to the limitations of the organization, the School will make its library materials available for all members. The Dean of the School hopes to make membership in The Associates a source of real satisfaction.

In less formal terms, the motives which induced many of the members to join The Associates were a desire to promote constructive business research and an interest in the improvement of education for business administration.

Because of adversities of the business depression, The Two Hundred Fifty Associates had a membership of only 161 in its second year, 1931. In 1932, when so many appeals were being made by other organizations for emergency relief contributions, the trustees of The Associates suspended all regular dues for membership and suggested that each member who was in a position to do so should make a voluntary gift in lieu of dues. The reserves which were built up during the first two years and the voluntary annual contributions after 1932 were large enough to permit the trustees to make a substantial contribution to the School each year from 1930 through 1942.

The gifts from The Associates were utilized largely to defray the costs of collecting cases for the regular courses in the School. That was one of the most vital needs of the School but one for which it was most difficult to raise funds. Thus the contributions from The Associates were a godsend.

This financial discussion necessarily has dealt largely with dry facts and figures. But back of those facts and figures lay a tense, dramatic struggle as Dean Donham exercised his imagination and his resourcefulness to keep the School's budget in balance.

### *Dean Donham as an Administrator*

Dean Donham served the School primarily as an administrator. He undoubtedly could have served as a teacher too, as evidenced by his successful introduction of a course on Human Relations in Harvard College and his instruction in the same subject at Colgate University after his retirement from the Business School. But, while he was Dean, all his time and energy were required for the performance of the administrative tasks that faced him. As an administrator, he was a man of action.

For the program of instruction, Dean Donham had to recruit

many teachers. He was not infallible, I think, in his selections or in his recommendations for promotion, but his weak selections were relatively few, and such unwarranted promotions as he recommended reflected his kindheartedness rather than his own better judgment.

Dean Donham built up a smooth-working administrative organization for the handling of applications for admission to the School; student relations; student aid; student health; dormitory occupancy and housekeeping; supervision of grounds and buildings; secretarial, stenographic, and mimeographing service; student and alumni placement; alumni relations; reception of visitors; School finances; relations with the administrative offices of the University; and a dozen and one other administrative chores.

Men recruited for the Dean's administrative organization were largely, though not exclusively, graduates of the School, many of them having first served apprenticeships in the School's research organization. In addition to handling their regular administrative tasks, these young men also served as a sort of junior cabinet for the Dean. Whenever he had an urgent problem with which to deal, as frequently occurred, he would call a group of the young men over to his house or down to his summer home on Cape Cod for a powwow. Many of these conferences took place in the evening, on holidays or weekends, or during vacations. To the members of those groups fell the task of assembling facts pertinent to the problems raised by the Dean. The young men also asked questions and made suggestions, but above all they listened. Dean Donham could develop his ideas most effectively when he had a small, intimate group of listeners to whom he could expound his thoughts as they welled up. Among the considerable number of young men who were members, from time to time, of the Dean's junior cabinet were Donald K. David, who was to be the third Dean of the Harvard Business School; John C. Baker, later President of Ohio University; Deane W. Malott, later President of Cornell University; and Everett N. Case, later President of Colgate University.

No account of Dean Donham's administrative organization would be complete without special reference to Clinton P. Biddle.



Mr. Biddle was appointed Assistant Dean in 1921, and Associate Dean in 1931. From 1931 until his death in 1939, Mr. Biddle carried a large share of the administrative load of the Dean's Office. He also taught the course in Investment Banking for several years and later he was one of the professors in the Business Policy course. He was a very successful teacher, but it was as Associate Dean that he particularly made his mark.

In the 1930's, Mr. Biddle supervised the School's budget, oversaw much of the work in the Dean's Office, served as friendly counselor to members of the Faculty and to students, and functioned as Dean Donham's chief adviser. Mr. Biddle almost always was quiet, calm, and self-possessed, with a warm personal understanding and a delightful, dry sense of humor. He had a thorough understanding of the School and excellent judgment. He contributed greatly to the successful handling of numerous emergencies as well as to the formulation of constructive plans for the conduct of the School.

Dean Donham also had the help of Mrs. F. E. Heard, who during the 1930's served with great resourcefulness as Secretary of the School; he had, further, an outstandingly able secretary in Miss Minnie B. Fox, who was to succeed Mrs. Heard as the School's Secretary.

One of the main tests of administrative capacity is the ability to select and retain properly qualified persons for the performance of the essential tasks in the executive organization. Dean Donham always had an able and loyal staff.

Dean Donham was a man of fertile imagination and great enthusiasms. He was a stimulating leader and a strong and resourceful executive. Generally his judgment was sound, but occasionally he became committed emotionally to some new project before he had time to make a careful appraisal. On such occasions his associates had to wait patiently until the experiment had been tried or until something occurred to dissuade him from the course. The Dean, however, was a man of extraordinary resiliency. Whenever he was dissuaded from carrying out some proposed plan or whenever some

project of his had to be radically altered, he lost no time in rehashing the past or in defending a waylaid proposal. He threw himself at once into the task of finding a constructive alternative. He was always looking forward, not back.

## CHAPTER V

# War Work and Postwar Progress

DEAN DAVID'S ADMINISTRATION, 1942-1955

### *Background and Situation Faced*

Mr. Donham retired as Dean of the Business School on June 30, 1942, and Donald Kirk David was named as his successor. Mr. David was born in Moscow, Idaho, February 15, 1896. He graduated from the University of Idaho in 1916, and after spending a year in his family's retail business he enrolled in the Harvard Business School. Upon graduation in 1919, he joined the School's research staff. Very soon Mr. Donham drafted him for administrative work, and in 1920 he was made an Assistant Dean. He also served as instructor in Marketing and had the initial responsibility for setting up the course in Retailing. He was appointed Associate Professor of Marketing in 1926.

In 1927 Professor David resigned from the School to become executive vice president, later president, of Royal Baking Powder Company. In 1932 he was elected president of the American Maize Products Company and he remained in that position, also serving as director of several other companies, until 1941. In February 1941, he was appointed William Ziegler Professor of Business Administration and Associate Dean of the Business School, a preliminary step toward his appointment as Dean.

President Conant had canvassed the field carefully for potential candidates for the deanship. He obtained the views of members of the Faculty, of alumni, and of other friends of the School. The President and Mr. David were intimate friends; they had been members of the same "shop club" in Cambridge in the 1920's and

had maintained social relations in later years. Because of this friendship, President Conant leaned over backwards in considering other men for the position. He finally concluded, however, that Mr. David clearly was the proper nominee, and the Corporation voted the appointment.

Mr. David was a graduate of the School. He was intimately familiar with its research and teaching methods. He himself had been a successful teacher in the School and had also participated effectively in its administrative activities. Through Dean Donham, Professor Biddle, and various other members of the Faculty, as well as through his own membership for several years on the Visiting Committee, Mr. David had maintained a close acquaintance with the affairs of the School. He also had demonstrated a high grade of ability in business administration. And he had the personality and driving force to fit him for the position of Dean.

When Mr. David became Dean, the country had just entered World War II, and the Business School was facing another crisis. Like his predecessors, Dean David was beset with difficult and challenging problems at the outset, and when the war was over he was confronted with the task of reorganizing for another new era for the Harvard Business School. So many dynamic changes took place at the School during Dean David's administration that it is not possible to record them all within the space limitations of this volume.

### *War Years: The School as a Military Academy*

As soon as war had broken out in Europe in the autumn of 1939, Dean Donham and other members of the Faculty and staff had consulted at once with representatives of the armed forces as to what the School could do to aid in the defense emergency. Those consultations were facilitated by the fact that between 1920 and 1939 the Army had sent 135 officers and the Navy 55 officers to the School for the regular course of instruction, and several of those officers held high positions in the services in 1939. Consultations also were held with other members of the War and Navy

Departments, with civilian officials, and with numerous businessmen.

As a result of those consultations and of discussions within the Faculty, a special twelve months' defense program was introduced on the satisfactory completion of which a new degree — Industrial Administrator — was granted. The basic requirements for admission were the same as for the Master of Business Administration program. The I.A. students took the same courses as first-year M.B.A. students, but with different time allotments; and in addition they took three courses pertaining to industrial mobilization. Anyone receiving an I.A. degree could at any time obtain a M.B.A. degree by completing the fourth term of the M.B.A. program. During 1942-1943 the I.A. program had an enrollment of 623 men. Case material dealing with defense problems also was introduced into some of the M.B.A. courses, and, in June 1941, the United States Navy established a supply training school at the Business School plant.

In 1942 every applicant for admission to the School was required to sign an agreement that, if he were admitted and offered an opportunity to apply for a commission in the armed forces, he would make such an application and accept a commission should it be offered. Otherwise, he agreed to accept a position in a war industry or in allied work. Thus the School sought to avoid the risk of becoming a haven for draft dodgers.

In June 1943, by vote of the Faculty, all regular civilian instruction at the School was suspended, and the School became in effect a military academy. From 1942 to 1945 seven programs, in addition to the Navy Supply School, were set up for officers of the Army, Navy, and Air Force. Those programs, which varied in length from five weeks to one year, were: the Army Air Forces Statistical School; Army Supply Officers Training School; Army Air Forces War Adjustment Course; Midshipmen Officers School; two Navy Industrial Accounting Courses; and a Navy War Adjustment Course. The Navy furnished all the instructors for the Navy Supply School, but in the other programs the instruction was provided wholly or in part by members of the Business School Faculty,

and the case method of instruction was used. In fact it was the flexibility of the case method in the hands of teachers experienced in its use which made possible the rapid and successful development of those military programs.

The total number of military students in courses under the Business School Faculty for the four-year period was 5921. The number of students in the Navy Supply School totaled 7041, making a grand total of 12,962 men given military instruction at Soldiers' Field during the war.

Several members of the Business School Faculty entered the armed forces and others served with civilian war agencies. A majority, however, remained at the School to carry on the war training programs, and thus they were available for a prompt resumption of civilian instruction when the war ended.

### *Postwar Enrollment in the M.B.A. Program*

The Business School resumed civilian instruction for the Master of Business Administration degree in February 1946 with a first-year class of 317 students. At that time, 44 students who had completed three quarters of the work for their M.B.A. degrees before entering military service returned for their final term's work. The School had not expected to resume second-year instruction so soon, but when it was found that a group of that size wished to re-enter the School, arrangements promptly were made to accommodate them in order to facilitate their early readjustment to civilian life.

The School operated on a three-term basis, admitting new classes of first-year students in June 1946 and February 1947, as well as in the fall of each of those years. The programs were continuous, without vacations. The enrollment for the M.B.A. degree, by terms, for this period is recorded in Table 7, together with enrollment for the other programs of the School.

In September 1948 the regular prewar program of two-term operation, with admission of a first-year class each autumn, was resumed. The accelerated program had been a great convenience for veterans, but by the fall of 1948 their demands had decreased.

And the hot summer of 1947, after the prolonged period of intensive war and postwar instruction, finally convinced practically all members of the Faculty that continuous operation, without respite for either students or Faculty, was not conducive to the most effective instruction or to preservation of health and intellectual vigor. Enrollment for the period from 1948-1949 to 1954-1955 is summarized in Table 8.

During the peak of the G.I. period, with the overlapping of classes, the total annual enrollment in the School was over fifteen hundred students, or more than 50 per cent in excess of the normal prewar number. That increase in enrollment, however, did not by any means take care of the total number of applicants. Each year, about four to five times as many young men applied for admission as could be accepted. A high percentage of the applicants met the prewar standards for admission, but there just was not room for all of them.

The heavy list of applications for admission to the School was the result of several factors. For one thing, there now was in 1946 a backlog of three classes of college men who had been serving in the armed forces. Then, of great influence, was the "G.I. Bill of Rights" — which provided for federal financial grants to veterans for educational purposes. And over all there was again the same sort of influence which had manifested itself after World War I: a very widespread belief on the part of many young men and their families that social as well as economic advantages would accrue from advanced education. War, as a slight offset to its tragic effects, does tend to break old social shackles and to start new social surges.

During 1943-1944 and thereabouts there had been considerable expectation in some academic and near-academic circles that after the war the demand for liberal college education and for graduate courses would be radically reduced. As it turned out, those forebodings were entirely in error.

Of the men who entered the School in February 1946, 92 per cent were veterans, and so were 98 per cent of those who entered in June of that year. The students, on the average, during the early postwar period were about three years older than the prewar





TABLE 8

## HARVARD GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

*Enrollment, 1948-1949 to 1954-1955*

<i>Type of Student</i>	1948-1949	1949-1950	1950-1951	1951-1952	1952-1953	1953-1954	1954-1955
M.B.A. first-year	606	611	607	613	630	613	630
M.B.A. second-year	670	575	540	513	533	555	593
Doctoral Program	23	35	54	66	68	69	77
Advanced Management	188	284	298	334	318	329	327
Middle Management	—	—	—	—	—	77	60
Other	<u>3</u>	<u>2</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>2</u>	<u>2</u>
TOTAL	1,490	1,507	1,499	1,527	1,549	1,645	1,689

students had been. Nearly 50 per cent were married. The competition for admission, the greater age, the sobering effects of military service, and, for half the class, the responsibilities of marriage resulted in a group of mature, serious, and especially competent students.

In the later postwar years, after the veterans had completed their educational programs, the number of applications for admission to the School continued to be heavy, ranging from fourteen hundred to over two thousand a year for the approximately six hundred places in the first-year class.

### *Changes in the M.B.A. Program of Instruction*

The suspension of civilian instruction during the war provided an unusual opportunity for an objective re-examination of the whole program of M.B.A. instruction. At the initiative of Dean David and with the approval of the Faculty, the Committee on Educational Policy, under the chairmanship of Professor Richard S. Meriam, undertook to prepare recommendations for a revision of the curriculum, and several subcommittees were appointed to aid in that task. Despite the fact that the members of the Faculty were carrying a very heavy load of military instruction and other assignments, they spent long hours discussing the various committee reports.

#### STATEMENT OF OBJECTIVES

A Subcommittee on Objectives prepared a statement as to the abilities and understandings which the educational program of the School should be designed to help the students develop. That statement was reviewed and revised by the Educational Policy Committee and then debated at length by the Faculty. As adopted, the statement read:

Ability to analyze business situations, recognize problems and determine issues, seek pertinent facts, develop alternatives, and reach reasoned decisions.

Ability to organize.

Ability to use oral and written communications.

Ability to deal with people.

Ability to train subordinates.

Ability to use figures effectively for administrative purposes.

Ability to establish standards and to control and judge performance.

Ability to execute selected operating tasks, including those involving severe time pressures.

Considerable knowledge of business techniques in one or more areas.

Acquaintance with sources of business information.

Understanding of the useful generalizations of political economy and ability to develop at least the beginnings of an integrated social and economic philosophy.

Understanding of ethical considerations as an integral part of business administration and ability to develop a unified set of ethical concepts for personal guidance in administration.

A spirit of vigorous and courageous enterprise.

At the time, this statement seemed to some members of the Faculty to be a rather radical innovation. When looked at in historical perspective, however, it appears rather to have been a crystallization, amplification, and refinement of the objectives which in fact had been evolving from the time the School opened its doors in October 1908.

#### THE CURRICULUM

After the statement of objectives had been approved, the Faculty rescinded all its previous votes authorizing the courses to be given in the School. Thereby all vested interests of the individual professors were wiped out and thereafter new approval had to be voted by the Faculty for each course to be offered. That was a radical step and one which probably could not have been taken if civilian instruction had not been suspended.

Then came proposals for a new program of instruction for first-year students. Under the concept finally approved by the Faculty, that program was deemed to consist of but one course, Elements of Administration, to be required of all M.B.A. candidates. The program was designed to develop knowledge and skills of business

administration quite irrespective of any field of industry specialization. This emphasis on administration as opposed to specialization was of course in keeping with the earlier trend of instruction.

As originally adopted, the new program provided that the Elements of Administration "course" should be divided into six "subjects": Production, Marketing, Finance, Control, Administrative Practices, and Public Relationships and Responsibilities. In addition to those "subjects," there was "E.A.-General," for instruction in report writing. The plan also provided administrative arrangements for allocating the time to be devoted to each subject and for coordinating the instruction. The concept of the first-year program as a single "course" soon proved to be somewhat artificial and it fell into disuse. By 1951 the erstwhile "subjects" were again designated as "courses," but the administrative arrangements continued in force.

The most significant innovations in the new first-year program were the courses in Control, Administrative Practices, and Public Relationships and Responsibilities. A discussion of the development of these courses will be found in the following chapter on Trends in Concepts of Instruction.

As a result of lengthy discussions by several committees and by the Faculty as a whole, various experiments were tried and some readjustments were made in the second-year program also, but the changes in that program were far less drastic than those for first-year study.

### *Advanced Management Program*

One of the major developments at the School in the postwar period was the addition of several new groups of students. The first was made up of business executives admitted to what was called the Advanced Management Program. That program had its immediate origin in a special course which had been inaugurated on Dean David's initiative in February 1943. That special course was sponsored by a division of the United States Office of Education, and each session had been of fifteen weeks' duration. With few

exceptions the men enrolled in the course had been over thirty-five years of age and many of them previously had been employed in finance, sales, law, or other nonmanufacturing activities. The purpose of the course had been to retrain these men for war production work, and the whole group came to be known in local lingo as the "retreads." The course was organized and directed by Professor Franklin E. Folts.

Out of a total enrollment of 121 in the first class in the "retread" program there were 37 men who had been sent by the companies for which they worked for the purpose of preparing them for promotion to more responsible positions. In each successive class during the war the proportion of company men sent for this purpose increased, until it finally amounted to four-fifths of the total. Thus the course became an upgrading rather than a retraining program.

When the war ended there was a demand from business concerns for a continuation of the work which had been started as a wartime retraining program. Consequently, in September 1945 the Advanced Management Program was launched, and it has been continued since that date as one of the major activities of the School and one of its most successful undertakings.

In business as elsewhere there is a perennial dearth of men competent for the tasks of administration at the higher levels. The shortage came to be felt more and more acutely by high business executives during and after World War II as a result of industrial expansion, the adoption of executive retirement plans, the growing comprehension of what administration involves, and the apparent need to coach and train men being promoted even from the upper ranks.

The Advanced Management Program differed in several significant respects from the special sessions for businessmen held during several summers in the late 1920's and the 1930's. The term was longer; a more integrated program was developed; the objectives were more clearly defined; and for the most part the men admitted were selected more carefully.

The first A.M.P. session opened in September 1945, and after that date two sessions were held each year. In 1949, because of the

heavy demand for admission, the School decided to operate two sections, of about seventy men each, during each session. Each session was of thirteen weeks' duration. During the first three years some independents were admitted to the program, but from the fall of 1948 only men sponsored by the companies for which they worked or by a government department were admitted.

The sponsors sending men to the program paid their regular salaries while they were at the School and also paid their tuition and living expenses. Tuition for an A.M.P. session was the same as for a full year of M.B.A. work, and the program therefore constituted no drain on the financial resources available for M.B.A. students. Rooms in one of the dormitories were set aside for the Advanced Management students and eating facilities were made available in the School cafeteria. While no rigid rule was laid down, it was expected that the men attending the A.M.P. would live at the School in order to obtain the great advantages of intimate association with their classmates.

From the start, the requirements for admission were: maturity in age; substantial business experience; good prospects for advancement. At no time were there any requirements as to previous schooling. Many of the students have held bachelor degrees, some of them masters' degrees, and a few higher degrees. But for this program admission has been based on managerial attainments and prospects for advancement. Since 1949, the average age of the men registered in the program has been 43 to 44 years; the average salary of the men enrolled in the fall of 1945 was \$6700; in the fall of 1949, \$14,000; and in the fall of 1954 and the spring of 1955, \$19,500.

To lessen the pressure arising from increases in the number of applications for admission, two steps were taken in 1953. The first was to request each sponsoring company to send not more than one man to a session. The second step, expected to act as somewhat of a deterrent, was to request each company to have one of its high-ranking officers inform the School confidentially as to whether the company had any immediate plans for advancing the candidate and also as to the applicant's major strengths and weaknesses. Thus a company was in a sense on trial through its selections, as a man's

showing in the program inevitably would be measured against the recommendation given him.

A company's selection of men to be sent, it may be added, was judged in another and very effective manner. The students in the program were not subject to any formal examination, were not graded by the instructors, and were not candidates for a degree. Their fellow students, nevertheless, were constantly sizing them up, and a company was judged among the students by the caliber of its representatives. That informal rating of course became general knowledge among the students, and the executives of the participating companies became more and more careful in their selections.

After some experimentation, the courses offered in the program typically included: Business Policy; Administrative Practices; Business and the American Society; Cost and Financial Administration; Marketing Administration; and Problems in Labor Relations. With one exception, all those courses were adaptations of courses in the M.B.A. program. The exception was Business and the American Society, a course which was developed by Professor Charles I. Gragg and tailored especially for the Advanced Management Program to provide for an examination of the social and economic forces which influence the policy decisions of business administrators. Instruction was by the case method. The cases used for the most part were selected from among those collected by the School for its M.B.A. work.

In the course on Problems in Labor Relations, the A.M.P. students and the Trade Union Fellows enrolled in the University [see below] were members of the same class. In the classroom they discussed concrete labor-management situations and debated policy questions and decisions. For both groups it was an enlightening experience.

The men in the Advanced Management Program came from many different industries and from both large and small companies. Typically each student had worked himself upwards in some one department, such as sales, production, or accounting. He had progressed up the ladder as a specialist, and he usually had not acquired much knowledge of other departmental activities or a

balanced overall administrative point of view such as was needed for filling a top management position. The Advanced Management Program was designed to help him broaden his outlook. Both in the classroom and in his social life at the School, the A.M.P. student was constantly exposed to what Dean David termed a "cross-fertilization of ideas," and he had an opportunity to look at problems of general administration from many angles. As with the regular M.B.A. program, the Advanced Management Program was designed also to broaden the students' outlook with respect to his professional responsibilities both to individuals and to society. As Dean David has said: "So administration includes not only the relationships among people in a given company but the relationship between individual businesses and our society as a whole. Thus the operation of our economic system — entrusted to management — demands far more than technical competence in the various functions of business." <sup>1</sup>

The success of the Advanced Management Program is attested not only by the pressure for admission but also by the rapidity with which the idea of providing such instruction spread. By 1955 companion programs were being offered in at least 50 other universities and in a much larger number of individual companies.

### *Middle Management Program*

To fill a gap between the program for the Master of Business Administration degree and the Advanced Management Program, a Middle Management Program was launched in February 1954 for men between the ages of twenty-five and thirty-five. To be admitted, a man must have had at least five years of business experience and have held a position in the middle management range. He also was expected to have shown promise of top-executive caliber. It was anticipated by the School that these men would be old enough and experienced enough to have an understanding of

<sup>1</sup> Donald K. David, "Developing Administrative Concepts in Business," in *Getting Things Done in Business*, Edward C. Bursk, ed. (Cambridge, Harvard University Press, 1953), p. 43.



the demands business makes on its top executives. The School also had in mind that the men admitted to the program were young enough for the benefits of the training to be realized by them and their companies through a long period.

Under the original plan the program was of sixteen months' duration, but in 1955 it was shortened to eight months. Numerous executives felt that sixteen months was too long for a company to spare a competent man and too long for such a man to be away from his job. At the same time the minimum age requirement was raised to twenty-eight years. For this program a group of specially selected courses was set up. Instruction, of course, was by the case method.

In the first session, 42 sponsored men and 33 independents were enrolled; in the second session, 51 sponsored men and 7 independents. Included in these groups, as with the Advanced Management Program, were several men from government agencies. Here again the School was providing training for government service, but of a variety quite different from that which had been contemplated in President Eliot's original concept.

### *Trade Union Program*

In the courses in Industrial Organization in the original curriculum of the School, attention was given to the problems of labor relations. After Mr. Donham became Dean, still greater emphasis was placed on that subject, and in 1933, when Professor S. H. Slichter joined the Faculty, a course in Trade Union Policies was offered. Then in 1942 the Trade Union Program was started.

The Trade Union Program was set up under the direction of a University faculty committee, of which Professor Slichter was the first chairman. The committee included representatives of the Littauer School, the Department of Economics in the Faculty of Arts and Sciences, and the Business School.

Students enrolled in the Trade Union Program were officials and representatives of labor unions. Originally, the program covered a nine-month period, but in 1948 it was reorganized and the term

reduced to thirteen weeks. Two sessions were held each year, on the same time schedule as the Advanced Management Program.

Although in the thirteen years from 1942 to 1954, 166 representatives of American trade unions and 52 officials of foreign trade unions had been enrolled in the program, the participation was short of the desired goal. Consequently, in 1954-1955 the program was reviewed by a joint committee of the interested faculties. One of the outcomes of this review was that the program, although remaining a university-wide undertaking with a Faculty drawn from the various departments and schools, was placed under the administrative structure of the Business School. This was one of several instances in the School's history in which a cooperative educational undertaking was eventually reorganized into one of concentrated administrative responsibility.

### *Harvard-Radcliffe Program*

Within a few years after the Business School was opened, inquiries and even strong demands had come from several women who wished to be admitted to the School. I can well remember one or two discussions of such inquiries in Faculty meetings prior to World War I. At that time there was no sentiment in the Faculty for such a move, and President Lowell was not in favor of it.

After World War I, similar requests were received intermittently. In the period following World War II — when women had been admitted, albeit in very limited numbers, to the Harvard Medical School and to the Harvard Law School, and when both Radcliffe graduate and undergraduate women students were enrolled in courses under the Harvard Faculty of Arts and Sciences — the demand became more insistent. Some of the crusaders who pursued Dean David diligently were women of wide influence.

The situation came to a head in the fall of 1951 in connection with a re-examination of the Radcliffe Management Training Program. That one-year graduate program had been started in

1937 at Radcliffe College, the women's college affiliated with Harvard, to train women for administrative positions in business, government, social science, and education. The Business School had been closely associated with the program from the outset, and several members of its Faculty had participated as instructors.

In 1951 a committee was appointed by the President of Radcliffe to consider the future of the Management Training Program. At that time several members of the Business School Faculty were disposed to favor a proposal for admitting women to the Business School. Hence the work of the Radcliffe Committee was a matter of real concern to the School.

At the request of the Radcliffe Committee and with the approval of Dean David, the Division of Research at the Business School undertook in November 1951 an intensive six-month study of job opportunities for women at the administrative level of organization. A research team of two competent young women interviewed business executives, finding much interest among them in the subject. The study disclosed that women were holding positions at all administrative levels in business organizations and that the trend was toward a greater variety of jobs and responsibilities for them. It also revealed that only a few women were occupying top executive jobs. The major opportunities for women in business administration appeared to be in staff position in research and analysis work, in merchandising, public relations, advertising, and publishing, in personnel work, and in some small new enterprises.<sup>2</sup>

The findings of the research team seemed to indicate that it was advisable to maintain a separate program of instruction for women at Radcliffe rather than to integrate them into the Business School program. The Radcliffe Committee, in the light of the report and the experience and observations of its members, recommended that the Management Training Program be reorganized and continued at Radcliffe. The Radcliffe Trustees concurred in that decision.

<sup>2</sup> See Frances M. Fuller and Mary B. Batchelder, "Opportunities for Women at the Administrative Level," *Harvard Business Review*, January-February 1953, pp. 111-128.

The Harvard Business School Faculty voted in 1954 to join Radcliffe College in sponsoring the program. Under the new arrangement, Radcliffe was to continue to house and supervise the program, and the Business School was to provide most of the instructors, to cooperate in the selection of students, and to be responsible for educational policy. A joint committee was to have over-all responsibility for the Program, renamed in 1955 "the Harvard-Radcliffe Program in Business Administration."

### *Doctoral Program*

The School had been authorized by the Governing Boards of the University in 1922 to grant the degree of Doctor of Commercial Science. One of the main objectives of the Faculty in seeking authorization to grant a doctor's degree had been to encourage more young men to prepare themselves for teaching careers. Enrollment in schools of business was increasing rapidly in the early 1920's, and there was a great dearth of adequately equipped teachers. The Faculty expected that by setting up its own doctoral program, tied in with the case method of instruction and its clinical research facilities, it could aid in meeting that shortage. This hope, however, was slow of fulfillment. Not until 1928 was the first degree granted, and for several years thereafter the number continued to be small. The first recipient of the D.C.S. degree, by the way, was Charles I. Gragg, who subsequently became a distinguished member of the Faculty.

The need for teachers had not been overestimated. The demand became so urgent, in fact, that several young men were pressed into full-time teaching service at the School before they could complete their work for the Doctor's degree, and other holders of M.B.A. degrees from the School were similarly drafted by other colleges and universities for immediate teaching service.

Then, too, there was competition from business. The type of man most acceptable as a candidate for the Doctor's degree also was being sought by business concerns, and at a salary which not

only would begin at once but which was higher than he reasonably could expect to earn in teaching.

The requirements which had been set up by the Faculty in 1922 also proved to be too time-consuming, so that candidates were unduly delayed in completing their work and others were deterred from becoming candidates.

Because of the foregoing circumstances, the whole doctoral program had undergone reconsideration and a rather complete overhauling in 1929-1930, with provision that examinations for Distinction degrees under the new tutorial plan should constitute the introductory examinations for the D.C.S. degree. In 1945 the doctoral program was given another overhauling. But the number of men fulfilling the requirements for the degree continued to be small. The total number of D.C.S. degrees granted from 1928 to 1949 was only forty-nine.

In 1950, therefore, the program was again re-examined and further modifications were made, not with a view to relaxing the requirements but rather to increase the rate of progress of the candidates, to provide a type of training in research and its presentation not previously offered, and to bring about greater uniformity in oral examinations. A new administrative unit also was set up for the program.

In 1953-1954 the doctoral program again was modified. At that time also, on recommendation of the Business School Faculty, the Corporation changed the title of the degree from Doctor of Commercial Science to Doctor of Business Administration.

To a historian, that change brings up shades of some rather acrimonious discussions which took place in 1921 over the christening of the proposed new degree. One of the suggestions at that time was that the degree be named "Doctor of Business Administration." The proposal was rejected in 1921 for two reasons: apprehension from some quarters that the title would connote that the School was training "business doctors," and "business doctors" were not then in high repute; and a desire to differentiate the Doctor's degree from the Master of Business Administration degree. In

1953, of course, the situation was vastly different from what it had been in 1921. The M.B.A. degree had become well established. Of even more influence on the decision was the widespread recognition, by 1953, that business administration was something quite different from business economics or "commercial science," and that administration, in itself, was a field worthy of research and study.

Under the plan adopted in 1953-1954, the School took two steps of especial significance to aid doctoral candidates. It set up a Seminar in Research to give the candidates systematic guidance in their research work and in the presentation of their findings and, secondly, it appointed four candidates for the doctoral degree as "Training Fellows." To enable these men to work full time on their theses during the year 1953-1954, the School gave each one an outright grant of two thousand dollars; further aid, if needed, could be obtained from the School's Financial Aid funds.

The Training Fellow program was undertaken as an experiment and it met with such success that ten more Fellows were appointed the following year and arrangements were made for future appointments on that scale. The financial arrangements removed what for thirty years had been one of the most serious roadblocks to the doctoral program. The urgent need for financial assistance to doctoral candidates had long been recognized by some members of the Faculty, but the School had been too hard up financially during the 1920's and 1930's to be able to provide it.

With the aid of G.I. funds and a widening of interest in training for business education, the number of active candidates for the Doctor's degree had increased substantially after World War II, so that by 1950-1951, for example, it reached 42. After the 1953 program went into effect there was further increase, with the result that in September 1955 the number of candidates was 95. If that number could be maintained, within a few years about 30 doctoral degrees probably would be granted each year. Thus a goal was in sight for which the School had been striving for over thirty years.

### *Research*

A description of research carried on during Dean David's administration will be found in Chapter VIII, particularly in the section on Project Research, pp. 244-250.

### *Campaigns and Finances*

In the first years after he became Dean of the Business School, Mr. David frequently was asked by old business friends how he was enjoying his life of academic leisure. As the foregoing account indicates, even though it is far from complete, the Dean had to deal with an almost overwhelming number of major administrative problems during World War II and its aftermath. For him there was little leisure.

He also had to grapple with grave financial problems in order to preserve the financial solvency of the School and to obtain funds for essential improvements in its plant and programs. The statistics in Tables 9 and 10 epitomize that struggle and the outcome.

#### OPERATING FINANCES

In 1940-1941 the total expense of operating the School had been 1,033,468 dollars. In 1946-1947 it had risen to 2,097,584 dollars, and in 1954-1955 it was 4,013,252 dollars. Thus in the first full year of operation after the end of the war the total expense was double what it had been six years earlier and by 1954-1955 it was four times the prewar figure.

The increase in operating expenses resulted from the addition of new programs of instruction, the expansion of certain other activities, and especially from the higher wages and higher material costs caused by inflation. The maximum scale of professors' salaries was not advanced during those years, but in the lower ranks of the educational staff salaries were increased. And the wages paid all other employees had to be raised to meet competitive rates.

TABLE 9

## HARVARD GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

## Income and Expenses, 1942-1943 to 1948-1949

	1942-1943	1943-1944	1944-1945	1945-1946	1946-1947	1947-1948	1948-1949
<i>Income</i>							
Gifts for Endowment	\$ 102,600	\$ 629,920	\$ 39,200	\$ 16,550	\$ 9,400	\$ 20,880	\$ 14,665
Endowment Principal	3,104,610	3,734,530	3,773,700	3,790,280	3,799,690	3,820,570	3,835,233
Income from Endowment Funds	140,020	139,200	146,200	148,800	155,940	165,970	168,470
Gifts for Research	185,130	298,532	224,757	122,500	106,000	90,000	97,100
Gifts for Loan Fund	—	—	115	—	—	—	—
Gifts for Library & Books	2,250	604	14,732	12,150	350	80	2,760
Gifts for Miscellaneous	8,680	4,050	2,975	12,930	57,930	22,990	18,630
Gifts for Scholarships & Prizes	7,500	3,000	3,000	6,030	6,390	17,520	36,810
Gifts from The Associates	—	242,060	123,220	166,050	187,230	244,654	237,950
Gift Balance	197,340	512,030	673,180	775,880	759,470	834,130	1,186,080
Construction Gifts	—	—	—	—	—	—	705,000
Income from Tuition	136,000	137,825	144,325	—	1,232,530	1,359,230	1,163,254
Departmental Balance	—	—	—	—	293,480	551,420	586,430
Harvard Business Review Receipts	1,920	1,270	320	76,340	80,940	222,430	137,265
Publication Fund	—	—	8,532	24,500	38,030	30,420	38,100
Dormitory Income	—	—	—	—	444,942	376,705	249,797
Receipts Straus Hall	—	—	—	—	5,920	4,485	7,960
<i>Expenses</i>							
Instruction	664,335	693,360	—	—	—	680,860	664,335
Administration	382,466	339,016	—	—	—	490,670	382,466
Library	139,725	123,119	—	—	—	122,200	139,725
Research	435,340	325,866	—	—	—	304,983	435,340
Awards to Students	41,233	8,138	—	—	—	20,685	41,233
Building (Educational)	222,504	191,352	—	—	—	202,230	222,504
Dormitories	361,199	289,835	—	—	—	257,820	361,199
Harvard Business Review	154,218	101,640	—	—	—	160,800	154,218
Publications	41,406	25,258	—	—	—	34,312	41,406
TOTAL EXPENSE	\$1,507,976	\$1,399,388	1,511,779	\$1,679,740	2,097,584	2,274,560	2,442,426
TOTAL INCOME AVAILABLE OF	1,598,828	1,399,425	\$1,518,279	1,492,930	2,391,064	2,532,663	2,482,591
OPERATING SURPLUS	90,852	37	6,500	—	293,480	258,103	40,165
OPERATING DEFICIT	—	—	—	186,810	—	—	—



TABLE 10

## HARVARD GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

*Income and Expenses, 1949-1950 to 1954-1955*

	1949-1950	1950-1951	1951-1952	1952-1953	1953-1954	1954-1955
<b>Income</b>						
Gifts for Endowment	\$3,111,460	\$1,289,295	\$ 998,745	\$ 501,360	\$ 466,410	\$ 1,099,300
Endowment Principal	6,946,695	8,235,990	9,234,935	9,736,300	10,202,709	11,302,010
Income from Endowment	184,460	383,350	380,325	431,705	461,448	535,878
Gifts for Research	369,860	288,210	207,778	91,717	194,585	406,875
Gifts for Loan Fund	6,588	38,250	14,373	35,000	23,870	106,564
Gifts for Library & Books	1,630	4,510	4,710	555	22,835	122
Gifts for Miscellaneous	502,114	—	27,835	8,035	13,500	6,000
Gifts for Advance in Aid	153,400	52,785	118,182	80,805	76,970	53,529
Gifts from The Associates	287,510	231,825	239,600	234,974	243,180	258,907
Gift Balance	4,765,889	5,458,400	3,730,530	1,699,650	1,345,434	1,616,046
Construction Gifts	2,900,000	750,000	—	1,405,000	234,000	—
Income from Tuition	1,174,390	1,145,110	1,155,600	1,246,635	1,460,430	1,592,013
Departmental Balance	605,890	389,050*	405,395†	404,432	366,940	402,834
Harvard Business Review	219,680	216,370	282,710	358,373	472,875	533,397
Publication Fund	55,115	67,795	63,800	90,810	95,800	87,289
Dormitory Income	309,210	327,350	337,540	345,743	360,332	360,556
Receipts Straus Hall	12,180	14,000	15,655	11,080	7,765	17,432
Harvard Business School Fund for Loans & Advances in Aid	46,435	61,707	83,073	105,694	146,720	195,371
<b>Expenses</b>						
Instruction	\$ 705,900	\$ 671,700	\$ 706,315	\$ 788,328	\$ 949,223	\$ 1,069,400
Administration	496,200	450,100	479,980	573,298	519,542	517,014
Library	142,700	135,500	140,160	156,995	192,039	203,051
Research	358,300	343,900	355,705	441,809	516,052	603,830
Awards to Students	58,500	77,900	124,800	218,764	284,294	231,645
Buildings (Educational)	252,750	233,670	235,920	272,562	422,113	467,226
Dormitories	461,270	426,400	319,225	307,531	350,355	348,716
Harvard Business Review	211,600	215,000	280,180	342,310	448,169	478,167
Business History Review	—	—	—	6,617	14,939	—
Publication Fund	50,300	75,000	71,495	91,577	84,880	79,264
TOTAL EXPENSE	2,737,520	2,629,170	2,713,780	3,193,174	3,773,284	4,013,252
TOTAL INCOME AVAILABLE OR	2,760,290	2,712,330	2,772,605	3,194,136	3,735,798	4,049,140
Operating Surplus	22,770	83,160	58,825	962	—	35,888
Operating Deficit	—	—	—	—	37,486	—

\* \$300,000 Transferred to Wallace B. Donham Professorship Fund

† \$42,485 Paid to University, Balance of Deficit of 1945-1946

To meet the higher operating expenses, the Dean had to exercise great resourcefulness, tireless effort, and tactful persuasiveness. The long-established policy of trying to have tuition income cover the current costs of instruction was continued, and in accordance with that policy the annual tuition was increased from six hundred to eight hundred dollars in 1947, and in 1953 it was further increased to one thousand dollars. For the many expenses other than cost of instruction, large sums had to be obtained from other sources, chiefly in the form of gifts. The total amount of gifts received by the School which were available for current use from July 1, 1945, to June 30, 1955, amounted to 5,852,747 dollars; a sum quite in contrast to what could be raised during the early years of the School's existence or in the emergency period of the 1930's.

*The Associates of the Harvard Business School.* Among the gifts, special mention should be made of those contributed by the Associates of the Harvard Business School. In 1943 "The Two Hundred Fifty Associates," which we have seen was organized in 1930, was reorganized under Dean David's leadership as "The Associates of the Harvard Business School." Under the new plan membership was on both a corporate basis and an individual basis, and the limit to the size of the membership was eliminated. Steps were taken to enliven and broaden the interest of the members in the work of the School, and the membership was substantially increased.

The members of The Associates, as under the preceding plan, received copies of all the publications of the School, had the privilege of attending various conferences, and enjoyed certain other benefits. From the School's standpoint, the support received from The Associates was of especial value. The cost of collecting cases, which in the postwar years ranged from seventy-five thousand to one hundred thousand dollars a year, and the expense of carrying on research projects for which special gifts were not available, were met chiefly from funds contributed by The Associates.

## CAMPAIGN FOR TWENTY MILLION DOLLARS

While campaigning continually for funds for current use, Dean David also had long-range financial aims in view. In his report for 1945-1946 he set forth the necessity of obtaining new funds for the School, in substantial amount, to provide for certain new buildings as well as for additional endowment. Two years later he presented a more comprehensive financial analysis and indicated that gifts of at least twenty million dollars would be necessary to take care of the School's most urgent needs. In stating those requirements, the Dean was fully aware, of course, that he would be the one responsible for raising the money. But he was not altogether a novice in raising funds. He had been instrumental in obtaining at least three large gifts for the University during Mr. Donham's campaign period.

The Dean received authorization from the top executives of the University to proceed with the fund-raising program which he had outlined, and one of his first quests was for funds for a new classroom building.

*Classroom Building: Aldrich Hall.* When the Business School plant was built in 1925-1926, the provision for a classroom building had to be stricken from the original plans for reasons of economy. As an alternative, arrangements were made to use space in Baker Library for classroom purposes. But with the growth and development of the School, those classrooms, always somewhat of a makeshift although they were much better than the cellar classrooms of the School's primitive days, were inadequate. With the expansion of the book and periodical collections in the Library, moreover, part of the space used for classrooms was needed for library purposes. The remainder of the space which would be freed by moving the classrooms out of Baker Library could be utilized advantageously for offices.

In his quest for funds, the Dean succeeded in arousing the interest of Mr. John D. Rockefeller, Jr., in the construction of a

new classroom building at the School. Mr. Rockefeller long had followed a policy of not making gifts for new buildings, but the situation at the Business School appeared to him to be unique and he was willing to consider waiving his policy in that one instance.

Mr. Rockefeller studied the proposition carefully and sent his personal representative to Soldiers Field to observe the work of the School. The outcome was that in the spring of 1949 Mr. Rockefeller offered to contribute five million dollars to the Business School for the construction and partial endowment of a new classroom building provided the School would raise an additional five million toward the twenty-million-dollar program not later than July 1, 1950.

Within the fifteen-month period specified, the Dean did succeed in obtaining gifts totaling slightly more than five million dollars. Thus, in the summer of 1950 means were available at long last for the construction of a classroom building.

Soon after Mr. Rockefeller's gift was received, the Dean appointed a Faculty committee to make recommendations for the building design. The committee carried on extensive inquiries and studied carefully the details of classroom arrangements which seemed best suited to the School's methods of instruction. In the spring of 1951, in accordance with a recommendation by the committee, a "mock-up" classroom was built, with a sheet-metal exterior, in the field behind Baker Library. The classroom was built exactly to the plans for one of the proposed classrooms with respect to seating arrangements, lighting, and acoustical properties. It was used in rotation for regular classes in the various courses. As a result, several substantial modifications were made in the plans before construction was begun. So far as I am aware, this was the first instance in which an educational institution experimented with a "mock-up" building. Construction was completed in the spring of 1953, and at Mr. Rockefeller's suggestion, the building was named Aldrich Hall in memory of Mrs. Rockefeller's father, Nelson W. Aldrich.

Aldrich Hall is unique in design. In exterior appearance it con-

forms to the general architecture of the other Business School buildings, but there the resemblance ceases. Inside the walls on the north and south sides broad corridors extend the full length of the building. The classrooms are between these corridors. With artificial lighting and air conditioning, the rooms are free from window glare and drafts. In order to facilitate student participation in discussion of cases, each classroom is parabola-shaped, with other special features. Those classrooms are a far cry from the dingy floors and ceilings, the crude benches, and the dull acoustics of the School's early classrooms in the basements of Lawrence Hall and other buildings.

While the Dean was striving indefatigably to obtain the gifts with which to match Mr. Rockefeller's offer, he also was seeking funds for the construction of an eating and social center for the students and Faculty.

*Social and Dining Center: Kresge Hall.* After World War II, wages and other operating costs were so high as to prohibit reversion to the original arrangements whereby the students ate in six dormitory dining rooms served from a central kitchen. To meet the emergency, the University had purchased Cowie Hall, a wartime mess-hall built on the School grounds by the United States Navy. Cowie was a temporary structure, not well fireproofed, and while it served usefully during the postwar emergency it needed to be replaced as soon as possible.

In the summer of 1950, shortly after the funds had been obtained to match Mr. Rockefeller's gift, the School received a gift from the Kresge Foundation for building a new dining hall for the students. This building also was completed in the spring of 1953, and it was named Kresge Hall.

Kresge Hall has a large dining room; lounges; organization rooms for the students; a student cafeteria for evening service, which also is used as a lunchroom for the feminine staff of the School; and a Faculty Club, with several small dining rooms and one large dining room that has an especially pleasing view of the Charles River.

Dean David thus rounded out the Business School plant, at least for the time being.

#### ENDOWMENT

Between 1945 and 1955, furthermore, the sum of 7,528,310 dollars was added to the School's endowment fund, and the income from endowment was increased threefold.

#### SUMMARY

When Mr. David retired as Dean of the Business School, on June 30, 1955, he left the School in a far sounder financial condition than it ever had been before. Dean David would be the first to point out, however, that his success in raising funds was achieved with the loyal and energetic support of the Faculty and the administrative and research staffs of the School and with the counsel and assistance of the Visiting Committee. He also would pay tribute, I am sure, to the groundwork which had been laid during the administrations of Dean Gay and Dean Donham. For forty years the School had struggled along on financial shoestrings and emergency rations, but it had made enough progress to provide Dean David with something with which to work in carrying through his ambitious program for raising twenty million dollars for the School.

In 1908, it will be recalled, President Eliot had blithely assured Mr. Gay that, at the end of the five-year period for which the first underwriting of twenty-five thousand dollars a year was to run, ample funds would readily be forthcoming from business sources to support the School. As developments since 1949 show, President Eliot was right in his expectation that the School eventually would receive strong financial support. He merely underestimated the time by about thirty-five years. Two world wars and several business depressions intervened during that period, of course; nevertheless this experience is significant, I believe, in showing what a long time ordinarily is required for establishing firmly a new educational undertaking.

*Dean David as an Administrator*

Dean David's administrative abilities were heavily tested at the very start of his administration by the unusual problems arising from World War II. Supervising the operations of a large military program is not something the dean of a business school commonly is called upon to do. Yet that useful venture, very briefly described in these pages, ran smoothly and successfully under Dean David's guidance. Concurrently, the Dean foresightedly laid plans with the teaching staff for a revised curriculum to meet the needs of postwar civilian instruction. The revised program added new courses which gave great impetus to the School's work in the field of the human, social, and public relationships and responsibilities of business management.

Dean David conceived the idea of the retraining experiment, from which the very important Advanced and Middle Management programs evolved. He instigated a broadened research program and obtained large funds for its support. As is later recorded, he so increased the sums available for student assistance as to make it possible to admit men regardless of their financial status. His strenuous campaigning for funds also led to the physical enrichment of the School and greatly improved the over-all financial position, making possible stronger and more adventuresome educational programs.

Dean David's administration was a period of fulfillment and clarification. The continuity of the development of the School was in no sense broken, but many aspects of its work were rounded out, many of its goals were integrated, and the whole structure was given a firmer base. The Dean, with his engaging smile, carried on his multitudinous activities with a friendly warmheartedness.

Having brought the School to a new peak, Dean David retired on June 30, 1955. In a farewell speech to Dean David on that occasion his successor, Stanley F. Teele, reviewed the contributions

made by the retiring Dean and reminded him that years earlier he had quoted to Mr. Teele with evident enthusiasm these words of David Burnham's: "Make no little plans; they have no magic to stir men's blood — make big plans; aim high in hope and work."

"Surely you," said the new Dean, "have observed this admonition."



## CHAPTER VI

# Trends in Concepts of Instruction

That the aim of the Business School was to provide instruction of a professional character was settled before the School opened its doors. The area for instruction also had been decided upon. College graduates were to be trained to serve as professional business administrators. To interpret and to give form to the stated objectives, however, were not simple tasks. It will be seen that two ideas were involved here — that of a profession and that of administration.

Inasmuch as the idea that business administration could be developed into a profession was a novel one, questioned by many, it seems incumbent upon me to explain, as I see it, the School's developing view of what constitutes a profession.

According to this view, a profession would be defined briefly as follows:

A profession is a way of making a living that is useful to society, that requires creative abilities and specialized training, and that is followed by an identifiable group with recognizable common standards of performance, both technical and moral.

The tasks of a professional school thus are: to help in the selection of persons with the appropriate abilities for training; to provide suitable training; and to help with the formulation of and to encourage the observance of proper standards of performance.

As to administration itself, the subject for training at the School — no one, at the outset, knew what really was comprehended

under that term. In fact, for fifty years the major problem of the School has been to define and interpret the concept of administration and to apply the concept effectively in instruction.

Even to this day, so far as I am aware, there is no one specific concept of administration which is in all respects acceptable to every member of the Faculty. In general, however, I believe it fair to say that administration has come to be regarded at the School as a continuing act of making decisions with respect to organization goals and the means for their achievement, and of effectuating those decisions through delegation of tasks. The professionally competent administrator will have a mind receptive to varying points of view and regardful of all the important factors pertinent to his problems — economic, human, and social — will fashion wise decisions, and will achieve their implementation through the selection and training of personnel and by calling forth the coordinated, effective, and willing support of his associates, both up and down the lines of authority.

Administration is operative at many levels in an organization, from foreman to president to chairman of the board, and at each level essentially the same type of process takes place and the same types of abilities are required. The weight of possible errors increases, however, as one approaches the upper levels where more over-all responsibility rests. It has been, therefore, to these upper levels of administrative responsibility that the School has come principally to address its instruction.

Lest there be misunderstanding, let me hasten to add that neither in 1908 nor at any subsequent time did the Faculty of the School expect to turn out finished administrators ready to take over the management of industries. The purpose, rather, has been to shorten the period of apprenticeship which a graduate of the School inevitably must spend on the job and to provide a method of approach, a depth of background, and a breadth of view which would enable him to perform his tasks more competently when he did reach a position of large administrative responsibility. From the outset it was Dean Gay's expectation that typically a graduate of the School would not reap the full benefit of his training until

about fifteen years after graduation. My own observation of graduates of the School indicates that this was a realistic expectation.

At the time the School was started there were, of course, many successful administrators in business, but they typically had attained their competency by long apprenticeship and experience, and in general neither they nor anyone else had undertaken to differentiate between administration and a knowledge of the technical details of operating each particular enterprise. There were some commonly accepted rules of thumb for business management, but those rules often were misleading rather than helpful.

Although here and there, fifty years ago, a business executive was to be found who sensed, at least vaguely, the need for professional training in business administration, the prevailing attitude was one of skepticism that such training could be provided by an educational institution. Hence the administrative officers and Faculty of the School had to start groping their way along, in an atmosphere of at best tolerant skepticism, to ascertain the subjects in which professional training for business administration could be given and to find means for making that training effective.

When the first plans were being formulated, there were many suggestions as to subject matter for instruction and real questions as to tie-ins with established educational institutions and types of training. Probably the strongest pull was toward a large reliance on economic theory; some thought that business should be taught as "applied economics." There was also a pull in the direction of history, government, law, and engineering. Geography, languages, and the social sciences had claims to possible places in the curriculum. The School might have emphasized any of these possibilities, and it did indeed experiment with many of them.

In addition to the underlying problem of whether business should be taught as business or as a sort of special instance in some other field, there was the question as to whether instruction should be centered around particular branches of industrial organization, such as banking and railroading; around particular jobs, such as those of accountants and statisticians; or focused on the art of administration in general. And, allied to both these prob-

lems, was the question of whether to try to establish and teach "general principles," as was done in economics and various other disciplines. The alternative was to stick close to observable business realities and to teach not "principles" but rather the art of understanding and acting upon specific problems as they arise in a changing environment. These have been matters for continuing discussion and sometimes strong differences of opinion among members of the Faculty.

To a teacher the material content of his course is a consideration of vital interest. What may seem a trivial change to an outsider will seem to the teacher to be of great importance, and very frequently it is. Each spends many hours planning and developing his course, and this has been particularly true in the Business School where, as there were no established precedents, the instruction program was so fluid.

The fact, furthermore, that business organizations and business practices were in a stage of very active evolution during the period of the School's growth added both to the problems and to the interest of course development.

Each teacher, it should be noted in addition, gives his course, regardless of its material content, a special slant because of his own personality and basic beliefs. Such a slant will not, of course, show up in the catalogue description of the course, but it may be for the students the determining factor in what they learn.

### *Administration vs. Job and Industrial Specialization*

When Professor Lowell outlined the concept of a Graduate School of Business Administration at Harvard in 1907, as has been recorded, he anticipated that the major opportunity lay in training for such specialized businesses as railroading, banking, and insurance rather than for general business administration. While instruction has been offered at the School in railroad operation and management, in banking, in insurance, in real estate, and also in other specialized fields such as printing and lumbering, the trend from the beginning, particularly in first-year work, was

toward the development of courses of a general administrative type, aimed at training men in the art of business administration as such.

In 1908, as we have seen, all first-year students were required to take Principles of Accounting, Commercial Contracts, and Economic Resources (which presently became Marketing). Although it was not a required course, Industrial Organization (Production) was in fact elected by a majority of the students. In 1920-1921 Commercial Contracts ceased to be a required course and Finance and Industrial Management (formerly Industrial Organization) were added to the required first-year list. In 1923 Business Statistics, which for ten years had been elected by a majority of the students, also was included in the first-year requirements. Thus in fifteen years a standard first-year program had evolved which dealt with the functions and tools of general management rather than with specialized industrial vocations. Production, Marketing, and Finance were concerned with the three primary functional activities in business, and Accounting and Statistics were the tools of management.

This pattern of first-year requirements continued until World War II. When civilian instruction was resumed in 1946, the subjects required in the first-year program — there were no electives — were: Production, Marketing, Finance, Control (which merged Accounting and Statistics), Administrative Practices, and Public Relationships and Responsibilities. Thus the former pattern was retained but amplified by the addition of two subjects, an evolutionary development, reflecting changes in thought both within and outside the School, which still was toward the functions and tools of general administration rather than toward specialization by industry and job groupings.

The story of the second-year program is different in some respects, but still has certain analogies to the first-year developments. The second-year program was planned from the start to permit a substantial degree of subject concentration. When the plan of study groups was introduced in 1920, it was built around fields of related courses. While numerous students welcomed the oppor-

tunity for second-year specialization, the broader, least specialized study groups generally had the heaviest enrollment.

Until 1920 there had been no required second-year course, but a wide range of electives, one of which was Business Policy. After 1912 Business Policy had been elected by a large majority of the second-year students, and beginning in 1920 all second-year students were required to take that course in general administration. With only one minor exception, that requirement has stood. A few other experiments were tried in making second-year requirements, but they were of short duration. Business Policy was the long-run survivor.

The Business Policy course epitomized the importance placed by the School on the idea of general administrative problems cutting across industry and departmental lines and viewed from the position of top management. The course was intended to tie together and give perspective to the first-year courses by showing how the various functions of business, both internally and as between businesses, were closely interrelated in practice and how a chief executive, if his work was to be effective, had to recognize and deal with those interrelationships.

Thus from the outset there was a tendency for instruction in the Business School to center around a hard core of courses which dealt with the elements of administration without regard to industry lines. The general program evolved, not through any dictatorial power of the Faculty, but rather because, over the years, the students had shown by enrollment and by comments that they found it generally in accord with their interests; and also because the graduates of the School learned from experience that the non-specialized program had been advantageous for them.

#### DEVELOPMENT OF SELECTED COURSES

Each course naturally went through its own evolutionary development as to its content and aims. The question of how much technical and descriptive content a course should contain was ever present; it was not easy to keep to the goal of viewing things from the administrative point of view. In such courses as Account-

ing and Statistics, for example, it was particularly difficult to work out a plan whereby necessary instruction in the technical rudiments of the subjects could be combined effectively with instruction as to managerial use of the techniques. The story, briefly told, of several of the courses may serve to illustrate the problems involved in course development over the years and the push to reach fully to the administrative point of view. It is of course impossible in the space at hand to do full justice to the development of even these few courses, let alone to describe the equally interesting and important development of the many other courses offered in the School. It is likewise impossible to do justice to the many members of the Faculty who, over the years, through their imaginative insight and hard work, guided the development of the instructional program.

*Accounting.* It was almost inevitable that a course in Accounting would be made part of the School's first curriculum. This was a subject definitely assumed to be of importance to the businessman. Harvard College already had set up instruction in accounting as an aid to those of its students who were headed for careers in business, and it was this college course that Business School students took in 1908-1909 and for several years thereafter.

In the first School catalogue, issued in 1908, the elementary Principles of Accounting course, under Professor William Morse Cole, was described as follows:

The object of this course is to explain the processes by which the earnings and values of industrial properties are computed. It is not intended primarily to afford practice in bookkeeping, but to give students a grasp of principles which will enable them to comprehend the significance of accounts. Since, however, an understanding of bookkeeping terms and methods is essential for intelligent construction or interpretation of accounts, an examination of certain main types of bookkeeping, with abundant practice in their use, will form an important part of the year's work. The chief work of the course will be a study of the methods of determining profit, loss, and valuation. This will include an analysis of receipts, disbursements, assets, and liabilities, in various kinds of

industry, and a consideration of cost of manufacture, cost of service, depreciation and appreciation of stock and equipment, interest, sinking funds, terminable values, dividends, and the like. Published accounts of corporations will be studied, and practice in their interpretation will be afforded. The instruction will be given by lectures, discussions, reading and written work.

In the 1912 catalogue the description of the Principles of Accounting course was modified, and this paragraph appeared:

In the last 20 years the business world has come to see new value and new uses in accounts; and accountants have come to see the possibilities of constructing accounts so that they shall tell the operating manager what he needs to know about his business. . . . The purpose of this course is to indicate the fundamental and universal principles that accountants must use in their work. These are important for the manager who wishes either to direct his bookkeepers or to profit fully by the work of his accountants.

The 1914 catalogue, after reference to "the universal and fundamental principles of accounting" and to instruction and practice in bookkeeping, explained:

The rest of the work is devoted to the study not only of fundamental principles — such as the distinction between capital and revenue, the nature of maintenance and depreciation, the methods of sinking funds, the effect of interest on variations, the basis of cost accounting — but of the practical application of these principles to the enterprises in which they are most conspicuous, and of the accounting peculiarities of businesses of universal interest, such as banking, insurance, transportation, and investment.

These catalogue descriptions did not signify any major change in the content of the first-year course in accounting, but they do indicate the growing awareness in the School of the administrative orientation.

During the early years the Accounting course reflected three different points of view: one, that of an economic investigator making an outside critical examination of the financial practices of an industry or a company; two, that of the certified public accountant or auditor who takes the responsibility of vouching for the accuracy of a company's financial reports to stockholders, bond-



holders, and creditors; and, three, that of the operating controller and of the executive who utilizes accounting reports for administrative control of operations.

The point of view of the economic investigator was not long manifest in the course, but as the work in accounting was expanded in the School, a divergence of views persisted for many years among members of the accounting group on the Faculty as to whether the emphasis in the accounting program should be on auditing or on administrative control. One of the compromises of these views, for example, was tried out for four years starting in 1920. Under that arrangement, the class in Accounting Principles was divided into two sections in the second half-year. The instruction in one section was geared for those students who were planning for advanced study of accounting, the other for those students for whom accounting was "a collateral rather than an intensive study."

Around 1930 cases began to be used for a substantial portion of the instruction in Accounting Principles and the evolution which had been taking place was clearly indicated in the description of the course in the 1937 School catalogue. There the emphasis no longer was on "universal and fundamental principles" of accounting. Instead, "The purpose of this course," it was explained, "is to develop a capacity to use accounting materials and accounting reasoning in the solution of business problems. Accounting is treated not as a separate subject, but as an integral part of business administration."

*Statistics.* The first course in Business Statistics was offered at the Harvard Business School in 1912-1913. As soon as I had agreed to serve as instructor in the course, Dean Gay suggested that I begin looking around in business for ideas and teaching material. I had very little time available then but I did call on several businessmen in New York, some of whom were suggested by Dean Gay. The most helpful of those men was Mr. Walter S. Gifford, then statistician for the American Telephone and Telegraph Company, later Executive Director of the War Industries Board in

World War I, and subsequently for many years the distinguished president of the telephone company.

Mr. Gifford had been pioneering in the preparation of statistical analyses and statistical reports, and his work indicated at least some of the possibilities for the utilization of statistics in business administration. Elsewhere few instances were to be found in which business executives were making any regular or substantial use of statistical analyses and statistical reports. And, of course, there was no literature on the hitherto nonexistent subject of Business Statistics, only the works on statistical theory and economic statistics.

That first course dealt with the problems of collecting, analyzing, and presenting statistical information for use in business management. It included problems in methodology and in the use of statistics in forecasting business conditions, in making market analyses, in keeping sales and advertising records, in controlling merchandise stocks, and in supervising factory operations. A couple of years later a final section was added on statistical reports to be utilized by the chief executive in his administrative work.

For about three years after the end of World War I the first-year course in Business Statistics, under a new instructor, continued more or less along the original plan, but in 1922 a change in emphasis occurred. Greater attention then was paid to statistical analyses of the so-called "business cycle." Dean Donham was a close personal friend of Professor Charles J. Bullock, chairman of the Harvard Committee on Economic Research, which had been established in 1919 as a nonprofit undertaking to forecast business conditions and to carry on research in that field. The Dean was a member of the Committee and highly enthusiastic about its work. His interest in "cycle analysis" was reflected in the change in emphasis in the course in Business Statistics.

The following statement, quoted from the School catalogue issued March 20, 1922, gives a concise indication of the nature of the revised course:

Statistics in business permit a control of administrative policy that would be impossible were the executive confronted with the

necessity of gaining information on which to base his judgment through personal contact and mastery of detail. Statistical control rests upon the use of both external and internal statistics, for no executive can afford to ignore the general trend of business conditions even in shaping matters of internal policy. External statistics as, for instance, indices of business conditions, place before the executive in compact form the conflicting factors in the general business situation.

The treatment of indices of business conditions is built around a study of the business cycle and the extent to which changes in its trend can be forecast with reasonable accuracy. Budget control, together with the careful choice of statistical units and methods of compilation — necessary if information is to be available promptly enough to guide in matters of policy — constitutes the foundation upon which the treatment of internal statistics rests.

Beginning in 1922, the Business Statistics course was placed on a case basis, but that procedure involved especial difficulties because so few business concerns then had begun to employ "cycle analyses" in their operations.

During the period from 1922 to 1942 the first-year course in Business Statistics underwent continual experimentation. After the tragic and generally unpredicted business collapse in 1929, more emphasis was placed on an evaluation of various indices of business conditions than on "cycle analysis." From 1926 on, moreover, diligent attempts were made to demonstrate the use of internal statistics by management in establishing standards of performance in marketing, production, and finance.

From 1915 on, second-year elective courses were offered in business statistics. In general, the second-year courses, until 1936, tended to be technical in character; but in that year the emphasis shifted to the use of statistics for managerial purposes.

Thus, since the early days, with the exception of the partial interlude for "cycle analysis" in the 1920's, the program of instruction in statistics evolved along two parallel lines: (1) the evaluation of a variety of statistical indices of business conditions for guidance in planning operations, and (2) the utilization of internal statistical records and reports for administrative control of operations.

*Control.* Under the new first-year program which went into effect when the School resumed civilian instruction in 1946, Accounting Principles and Business Statistics were merged into one subject, Control. The description of that subject in the School catalogue for 1946-1947 was in part as follows:

This subject is concerned with the use of figures in the choice of courses of action and in the appraisal of actual performance. Topics are handled as they flow across the administrator's desk, that is, as a mixture of practical problems as well as the particular departmental concern of specialists in figures, accounts, and management techniques. The emphasis throughout is upon the wise use of figures and accounts toward some governing purpose, and upon securing an understanding of their limitations as data supporting actual administrative decision.

Thus emphasis was on administration rather than on the work of the auditor or certified public accountant. Some of the groundwork for the development of the "Control" concept had been laid in 1939-1942 when Professor Edmund P. Learned, with the co-operation of Professor Charles A. Bliss and Professor Joseph L. Snider, undertook to remake the course in Business Statistics into a course in the use of figures for management control. The development also was facilitated by the work which Professor Ross G. Walker had done in fostering the control point of view in his instruction in accounting. Some of the experiences of members of the Faculty in the military programs of instruction also contributed to the development of the concept which took form in the new course in Control. Nevertheless, despite that background, it was a radical departure from academic practice to start the students off on Control instead of on the traditional elements or principles of accounting. Although initially there were misgivings on the part of certain members of the Faculty, the new venture met with success.

*Production.* Production, which began as Industrial Organization, became Factory Management, and then Industrial Manage-

ment, gave in its very early years considerable attention to "principles," as we have seen was also the case with Accounting. At that time the Taylor system of scientific management was the backbone of the course. The first School catalogue, for example, said: "A study will be made in this course of the principles underlying the modern organization of business and of the recent applications of systems. . . . The principles of organization, carefully elucidated in connection with the factory, will then be traced in their wide application to other forms of enterprise."

The sentences just quoted reflect the enthusiasm with which Dean Gay was then exploring the possibilities that the Taylor group might provide leads from which principles of general application could be formulated. Dean Gay shortly changed his views, however, and the statement regarding the broad application of the "principles of organization" was deleted from the catalogue.

A tinge of economics' influence appeared in the course description through references to such matters as the "forms and problems of division of labor." And this course, again as with Accounting and also Statistics, had the problem of how to deal with technical matters, such as "plant layout, control of materials, and elements of routing."

The production course dealt in considerable measure with labor problems. As the 1922 catalogue said, the course, among other things, took up "problems of the foreman; stabilization of production and employment; status of the workman's participation in management; relations of organized labor and employers; economic and psychological relations of employer and employee to scientific management; functions of service departments; prevention of accidents; and means for securing industrial goodwill. . . ." Beginning in 1926 the first half of the course dealt largely with problems arising between employee and employer, the second half extending "much further into matters of control, routing, and the scheduling, accumulation, and distribution of costs."

When civilian instruction was resumed in the School after World War II, Production was described in the catalogue, in part, as follows:

Production is an operating subject that deals with methods and techniques of execution and supervision to a greater extent than with policy formulation. The problems are selected from the production field and include the more important procedures and techniques commonly employed in progressive manufacturing plants. These techniques are studied with reference to the development of an understanding of their contribution to the attainment of established manufacturing objectives.

Until 1937 the second-year instruction in the production area consisted predominantly of field studies by the students in selected industrial plants, and after 1937 field studies were an important part of the instruction in a new course introduced at that time.

In 1937 Professor Georges F. Doriot adapted the teaching material and methods which he earlier had used in Business Policy and the first-year course in Industrial Management to a new second-year production course, called Manufacturing. The purpose of the course, it was announced, was to . . .

. . . train the students in the thorough analysis of and in the administrative control of a manufacturing company. The problem of analysis and study of the company will be taken up not only from the standpoint of a man who has to reach decisions and carry them out, but also from the standpoint of such persons as bankers or consultants whose study is done for other reasons and from other points of view. The intent will be to show markedly the basic differences between analyzing, advising, and actual executive work. Efforts will be made to help students develop a realistic grasp of executive problems and fitness for the discharge of managerial duties.

Emphasis also was given in the course to the study of products, new ideas, new developments, and questions of research. Student field studies were an important part of the work. In the postwar years, a program of field work was developed whereby student groups of five to nine members each prepared reports on several manufacturing concerns and a longer report on some phase of industrial activity. Under Professor Doriot's imaginative and stimulating guidance, the course took a broad administrative view of production management.

In 1948 another second-year course — Advanced Production Problems — was introduced, which dealt with the broad problems of production policy which confront executives in charge of manufacturing operations, with especial attention to the significance of the manufacturing processes involved. The structure of selected major industries was analyzed and the competitive, economic, and technological forces at work in them were evaluated.

Still another postwar development in the program of instruction in the field of production was a course offered by Professor Folts, which was designed to facilitate the study of the factory as an operating unit. The cases focused on the responsibilities and problems of the plant manager and his immediate associates, the work of the so-called middle management group in the factory, and the problems of first-line supervision.

Thus the program of instruction in production evolved from an emphasis on "systems" and "principles" of management and operating techniques to a group of courses in which those systems and techniques were placed in perspective, with an emphasis on the problems of industrial administration.

*Finance.* In 1907 banking and finance were looked upon by the early sponsors of the Business School as affording some of the chief opportunities for which to provide training. There were numerous institutions of respectable size and dignified reputations in those fields, and college graduates had been finding employment there in increasing numbers. The problems of management in those institutions were becoming increasingly complex. Hence they were deemed to be especially ready for professionally trained men. And there was a fair body of literature already available on some aspects of banking and finance. Consequently, when the Business School was opened in 1908, the following courses, all elective, were offered: Banking, Foreign Exchange, Investments, and Corporation Finance. The Foreign Exchange course was discontinued after one year and a similar course was offered only occasionally, at long intervals, in later years.

The initial Banking course, given by Professor O. M. W. Sprague,

dealt with the theory of banking, as developed in economic literature, and with broad questions of policy as well as with some practical banking methods. The course was continued along those same general lines during the next twenty years, with such developments and modifications as naturally grew out of new banking legislation, changes in the world's money markets, shifts in general business conditions, and experience in instruction.

In 1930 the course was put on the case method of instruction. The catalogue description at that time was as follows:

Designed for students intending to enter commercial banking, instruction is based on cases drawn from country, city, and Federal Reserve banks. The primary emphasis is placed upon the lending function. Various media for utilizing available funds are studied from the viewpoints of technical credit analysis and adaptability to meet the current needs of a particular bank. As a basis for selection at a given time, some attention is given to business conditions and Federal Reserve and money market influences as they affect credit risks, rates obtainable on loans, and the prices of securities either offered as collateral or purchased for the investment portfolio.

Secondary emphasis is placed upon the problem of developing a bank both in size and in profitability, by considering consolidation, branches, building policy, direct solicitation of new accounts, and analysis of old accounts. Consideration is given to other problems arising from foreign exchange, note issue, dividend policy, governmental supervision and examination, and statutory limitations placed upon various operations. Reference is made to the establishment of bond and trust departments.

In 1946 the course became Management of Financial Institutions, and the catalogue of that year said of its purpose:

Its purpose is to give the students an understanding of, and some practice in dealing with, administrative questions inherent in the management of such institutions, in view of their economic and business characteristics and in view of their place and function in the economy.

The evolution to the management point of view suggested by this statement also characterized the other courses in the area of finance.

Until 1921 all the courses in banking and finance were elective.



In that year, a new course on Industrial Finance was introduced as a required first-year subject, a requirement which was continued. That course was "mainly concerned with the organization and financial problems of business enterprises of small and medium size, and with the factors that enter into the permanency of such enterprises." The course was on a case basis from the start, and the purpose was to provide an understanding of the financial function in business, not merely for students planning to specialize in banking or finance but also for students who were to engage in other types of business. In other words, since 1921 finance has been treated as one of the elements in business administration with which all the students should have some familiarity.

The first-year course in Finance has undergone many changes, with shifts in emphasis as well as with modification of content. But the trend has been to establish more definitely the point of view of an executive responsible for administering the finances of an industrial or commercial enterprise.

While speaking of Finance I am impelled to make a specific reference to one of the members of the Faculty who for several years was in charge of the first-year course as well as of certain second-year courses. In general, I have refrained from commenting on the teachers. I am confident, however, that my former colleagues will not feel that I have shown discrimination if I do inject a brief statement here regarding Arthur S. Dewing.

Professor Dewing was a striking figure around the School — tall, broad-shouldered but rather gaunt, somewhat stooped, with a scraggly black beard, and such nearsightedness that he wore bulging glasses. He was already an authority on corporation finance, but he also had many other interests. He was as likely as not to start talking to the class about Greek art or Bulgarian coins unless his assistant had primed him sufficiently in advance about the cases on the docket for the day. In the classroom Professor Dewing always insisted on having the windows thrown wide open, no matter how cold the weather. That was rather hard on the students, especially those from the South, but no one ever caught pneumonia, and they did stay awake.

When questioning a student in class, he often would start out by asking, "Where is your home?" If the student replied that he was from Atlanta, Professor Dewing might then ask: "What do you know about the finances of the Southern Railroad?" If the student was not informed on that subject, Professor Dewing, with a grin, would then express surprise that the gentleman knew so little about a business enterprise that went through his own back yard. The next day he might ask someone about a local electric utility or some other business in his home town. That procedure, carried out searchingly but in good spirit, helped to make the students realize that the financial problems which were being discussed in class had counterparts in their home towns. Thus it helped to make the instruction realistic.

*Business Policy.* Business Policy, required of all second-year students since 1920, has had the top management point of view from its inception in 1911-1912. The general nature and the purpose of the course already have been described, but there is one aspect of its development I think important to mention here.

The Policy course, as it developed in the 1930's, introduced a feature to which relatively little attention had been given in the classroom theretofore, namely, methods of diagnosis. The typical case in most courses in the Business School was one in which the issue to be decided was clearly stated or readily ascertained. Under actual conditions in business, however, most problems do not come walking up to executives' desks asking to be solved; they have to be discovered through diagnosis. President Lowell used to say: "The great art in life lies less in solving problems than in finding the problems to be solved." That was one of the wisest of President Lowell's many wise observations, and it is particularly applicable to business administration. In the Business Policy course a start was made in developing skill in discovering problems, but diagnosis still is a relatively undeveloped aspect of instruction in the Business School and elsewhere.

Evolutionary trends similar to those traced in the development of the courses just discussed could be shown for the various other

courses offered at the School. The trends were by no means always clear-cut; nevertheless the cumulative results were continually in the direction of approaching problems from the administrative point of view with the aim of giving training in analyzing and solving problems met in a fluid business environment.

There is one course to which I wish to refer here for special reasons. That course is the Management of New Enterprises, introduced in the period following World War II.

*Management of New Enterprises.* When the founding of the Business School was under consideration in 1907, it seems to have been the expectation of President Eliot and Professor Lowell that especial attention would be given to the management of large corporate enterprises and that graduates of the School would find their chief opportunities for employment with large companies. In practice, however, teaching materials and examples actually were drawn from small as well as large enterprises from the very outset. In the research program, started in 1911, moreover, the early studies were concerned extensively with small retailers and wholesalers, some of them very small, and there was a continuous effort on the part of Dean Gay and the Directors of the Bureau of Business Research to aid those small firms to improve their management methods. When the collection of cases was begun in 1920, the problems of small and medium-sized businesses provided many of the most useful, because least complicated, cases.

A considerable number of the School's graduates, moreover, have entered small and medium-sized businesses, and some of them have started small businesses of their own. For a healthy national economy, it is most important that new enterprises be continually started in order to provide replacements for decadent older concerns and to furnish opportunities for expanding employment. The administrative officers and Faculty of the School long had sought to encourage graduates of the School, who were favorably disposed to such ventures, to go into business for themselves. The introduction of the course in the Management of New Enterprises, therefore, was in keeping with one of the long-time interests of the

School. It may be added that in 1956-1957 another new course dealing with small business was approved, namely, Small Manufacturing Enterprises.

*Summary.* What may be said to be the significance of preparing men to serve as business administrators, as opposed to preparing them to be railroad administrators, banking administrators, and so on?

In the first place, the former concept, that which regards business administration as a profession in itself, is the more realistic one. For, in fact, the problems faced by an administrator in one type of institution or charged with responsibility for one type of activity do not differ in essence from those faced by administrators elsewhere.

By acting in this belief, the School was able to give its program of instruction a special flexibility as well as concentration and depth. Cases from any type of business organization could be used freely in any of the nonspecialized courses, and this provided the students with a wealth of varied background information. And, with all the basic nonspecialized courses concentrating on general administrative problems, instruction in that area could be well covered.

Unification of the student body also was furthered. To have taken as the objective of instruction the training of professional insurance administrators, professional banking administrators, professional accountants, and so on would have been analogous to putting students of law, engineering, and medicine under one Faculty. Inevitably they would tend to form groups based on their special fields of instruction.

The effect upon the business world of the policy of nonspecialization has been substantial over the years, I think, and beneficial. The graduates of the School, and of other business schools adopting a similar policy, when they took up positions in industry had a common basis of communication, which no doubt had an influence upon the interrelations of business firms of diverse types, leading to better understanding of their mutual problems. A growing body

of business executives could gather for discussion not as bankers, or as railroaders, or as publishers, but simply as business administrators.

The concept of *administration* as the *profession* to be taught also provided a basis for communication between business administrators and administrators in nonbusiness institutions — educational, charitable, medical, military, and so on.

### *Business as Business*

I spoke earlier of a basic question facing the School: whether business should be treated as a special instance within some established field of instruction, or at least be taught in close relation with other disciplines, such as sociology, government, history, engineering, law, and economics. Various experiments along these lines were carried out. For example, joint programs for engineering and business and for law and business were tried.

#### ENGINEERING AND BUSINESS

In 1920 a joint program for instruction was worked out between the Harvard Engineering School and the Business School. It was a five-year program on the completion of which a student received the degree of B.S. in Mechanical, Electrical, or Civil Engineering and Business Administration. For the first three years the students took the regular engineering courses. In the fourth year they took the first-year courses in Accounting, Finance, Marketing, and Factory Management or Railroad Operation (for civil engineers) at the Business School. The fifth-year program included certain engineering courses and Business Policy, Labor Problems, and Business Economics at the Business School. A few changes in the details of the program were made in later years.

The students under this program registered in the Engineering School, and the program was under the cooperative control of the Faculties of the two Schools, working through a joint educational committee. The program was discontinued in 1937. During the sixteen years that it was in operation, only thirty-six students made use of the program.

It should be added that although this joint program did not attract many students, the School became increasingly aware that an engineering background for students, if they were properly selected for breadth of knowledge, interests, and aptitudes, formed an excellent basis for training at the Business School. From 1946 to 1955, over 20 per cent of the candidates working for the M.B.A. degree had majored in engineering in their undergraduate work.

#### LAW AND BUSINESS

In 1933 a joint program was adopted by the Yale Law School and the Harvard Business School for a course in business and law. For the Business School, Professor George E. Bates was in charge of the arrangements for the program. When the program was launched the following announcement was made:

The Yale University School of Law and the Harvard Graduate School of Business Administration announce a joint course in law and business with the purpose of training men for the practice of law in those fields involving contact with or the handling of business problems.

This joint course is a novel experiment in American education, where both Schools contribute and both hope to gain by exchange of professional knowledge. The interrelation of law and business has long been appreciated, but heretofore no systematic graduate training which combines the two fields has been offered. That the course involves work in two different universities adds to its interest. . . .

The first year of study, at the Yale School of Law in New Haven, will be devoted to a consideration of the usual first-year law curriculum with such modification as may seem desirable to supply the business background of the topics studied. In first-year seminars, research will be encouraged on legal problems affected with a business interest.

The second year, spent in residence at the Harvard Graduate School of Business Administration, will deal similarly with the business fundamentals, production, marketing, and finance, and auxiliary subjects such as accounting, statistics, and public utility economics.

The last two years, at the Yale School of Law, will be devoted to a modified form of legal training in which problems of modern

business will be emphasized. In these last two years, moreover, representatives of both faculties will jointly give several courses, two of which will be of critical importance to the combined program. One will be a course in Business Policy devised to correlate the materials and points of view of the several business courses previously studied and to promote a re-examination and modification of elementary generalizations from this broader angle. The other course will be designed to correlate the business with the legal training, further to protect students from acquiring two educations without discovering their basic interrelationships. . . .

The first group of students enrolling in that joint course began their work in New Haven in 1933. In 1934-1935, they were at the Harvard Business School. There were eight men then in the group. In 1935-1936 and in 1936-1937, seven Yale Law students enrolled each year in the Business School. In 1938, ten such students enrolled in the midyear session. That was the last group.

As far as I know, those who participated in that joint program deemed it a useful and successful experiment. It was especially dependent, however, during its infancy, on nursing and encouragement by some members of the Faculty of the Yale Law School. As it happened, those members most keenly interested in promoting the joint program presently left the Yale Law School — and with their departure support for the program faded away.

The Business School, it should be added, early had recognized the importance of legal problems to business administrators and had offered instruction in the legal aspects of business. This instruction, however, had been from the point of view of the business administrator and not from that of the person training for a career in law.

#### **SOCIAL AND BEHAVIORAL SCIENCES**

In teaching business administration, the School from the beginning took account of the attitudes and reactions of the people involved. As we have seen, for example, the course in Production early gave heavy attention to the problems of labor and management relations. It also will be related in a later chapter how, on the basis of the pioneering researches carried on by his group, Dr.

Mayo set up a course in 1936 on Human Problems of Business Administration.<sup>1</sup> This course subsequently developed into two elective second-year courses known simply as Human Relations I and II. A further course along allied lines, Administrative Practices, was established as a first-year requirement in 1946. At that time also the course in Public Relationship and Responsibilities, later called Business Responsibilities in the American Society, was set up as a first-year requirement.

*Administrative Practices.* This course, soon dubbed "Ad Prac." by both students and Faculty, was concerned with the problems of executives in securing teamwork and effective action in business organizations — one of the most important aspects of the administrative job. The course necessarily started on an experimental basis and underwent considerable change during the next few years. In the School catalogue published in the spring of 1953 the purpose of the course at that stage of its development was indicated, in part, as follows:

The student's work in this subject is intended to help him prepare himself for positions of responsibility *for* and *to* others in getting things done by group effort in organizations. The subject draws its inspiration, point of view, and substantive content from many sources and fields of thought, including the accumulating results of the research work, begun a quarter of a century ago, by members of this Faculty in the fields of administration and human relations.

*Business Responsibilities in the American Society.* Throughout the history of the School, from the earliest days, problems involving the relationship of business administrators to government and to public institutions had been discussed in numerous courses. In the postwar program, those problems were coordinated and given much more extensive and thorough treatment in the new "subject," Public Relationships and Responsibilities, required of all first-year students. The experiments which had been carried out in the immediate prewar years in instruction in the relations of government

<sup>1</sup> See Chapter VIII, pp. 240-242.



to business contributed to the new undertaking. And considerable material from the course in Business Economics, offered during the 1930's, was incorporated.

After six years' experience and experimentation, the title of Public Relationships and Responsibilities was changed in 1952 to Business Responsibilities in the American Society, BRAS for short. In the School catalogue for 1952-1953 it was explained that the purpose of the course "is to begin to familiarize the student with the economic-legal-political-social environment within which business decisions are made and the business process takes place, the impact of such environmental factors on the shaping of business decisions, and a recognition of the impact of such business decisions on the economy itself." The description went on to indicate that the course dealt primarily with two very broad areas: (1) business competition and (2) economic stability.

*Summary.* The subject matter of these courses was very closely related to that of the social and behavioral sciences, the BRAS course being in addition closely related to areas of economics. Nevertheless, in developing its courses the School, while certainly not ignoring the materials and concepts of these other disciplines, held to the management point of view and to the attitude that business should be taught as business. The aim of the School's courses was to broaden for the students their view of the changing environment within which the business administrator must face his business problems and make his decisions.

The School, of course, always had emphasized the social responsibilities of the business community. One may recall the old course, Social Factors in Business, taught by Dean Gay in 1915.

In an article appearing in the *Business History Review*, Spring 1957 — an article which might well be read by all those interested in the history of business education — the author, Fritz Redlick, thus compares the Harvard Business School and the Berlin Business School, which started shortly before the one at Harvard:

. . . there was a telling difference in approach. In Berlin, business subjects were taught as technical matters, this phrase

being used here in the wider sense of "applying means to a purpose on hand," i.e., they were taught in the same spirit in which one teaches at an institute of technology. The Harvard teaching, in contrast, had under Gay's influence a moralizing aspect. Emphasis was being placed on educating students to conduct business "decently."

One may question whether the word "moralizing" is the most appropriate one, but it is true that the School always has regarded the responsibility of business, both within and outside its doors, as an important part of professional administration.

#### ECONOMICS AND BUSINESS

The most persistent efforts to pull instruction at the School away from the concept of business administration as an independent field for professional study were made on behalf of the field of economics.

In his letter to Professor Taussig in January 1907, Professor Lowell stated, it will be recalled: "We must take men without regard to what they have studied in college and we must teach them business, not political economy." That statement rings just as true today as it did fifty years ago. In retrospect, I rather marvel at President Lowell's forbearance in not repeating that statement during certain Faculty discussions over which he presided, especially in the 1920's.

I marvel also that Dean Gay, himself steeped in economic history and theory, was able to resist to a large extent the special pull of that area of thought in setting up his early courses and that, unfamiliar with business as he was, he should have been so well able to visualize and put into effect what Mr. Lowell meant by professional training in business.

It is true there was a considerable tinge of economics (political economy) in some of the courses, such as Economic Resources, Accounting, Banking, and Finance, in the early program of instruction; but the emphasis in those courses and, more particularly, in such courses as Commercial Law, Industrial Organization, Transportation, and Insurance, was on administration.

After World War I, however, the School began to give more attention to the relation of economics to business administration. In the catalogue for 1920 it was announced that preliminary work in college in Principles of Economics was expected of applicants for admission, and that such a course would be required for admission, without exception, in 1922 and thereafter. That requirement, however, never was made effective. It presently was discovered that students who had taken a course in economic theory in college generally showed no extra proficiency in the Business School. In part this was because the courses in economic theory in the one hundred and fifty-odd colleges then represented at the School varied so greatly in substance as to make the requirement a superficial one. In my judgment, however, a much more important reason was the fact that the economics the students had studied in colleges had been presented as a body of "principles" and conclusions that were taken to be adequate in themselves. All too often men who had taken such courses tried to parrot "the answers" to cases without analyzing the particular facts which were important to decisions in the specific situations presented. Being glib with economic generalities, they tended to play down or ignore the other important issues and considerations involved.

In the program of instruction in the School the emphasis on economics which began in 1920 centered around two courses: Business Economics and Economic Theory.

The course in Business Economics, introduced in 1920, dealt with the application of economic principles to business affairs. In 1923 that course became essentially a course in economic theory and was required of all students who had not taken a full-year course in economic theory as undergraduates; this requirement was continued for only two years.

Also in 1923 Business Policy was made a multiple course, part of the instruction consisting of problems presented by businessmen from their own desks, another part pertaining to legal cases, a third part to engineering, and a fourth to economics. In the catalogue description of the section of the course relating to economics it was stated: "Sound training in the fundamentals of economics

as they affect business problems is required and the student is taught the importance of developing and extending this type of theory to the point where it becomes available for the business executive."

In 1926 the business economics section of Business Policy was set up as a half-course. This half-course was required of second-year students until 1929, when it became an elective.

In 1935 Business Economics was reorganized and made an elective half-course for first-year students. Given in the second half-year, it could be substituted for any of the other first-year courses except Accounting. The course was described as follows:

This course deals primarily with the bearing on business of fundamentals of demand and cost, the price level, wages and employment, interest, and profits. Some of the cases dealing with these fundamentals afford opportunity for the examination of such current topics as agricultural relief, the NRA, managed currency, public works, consumer purchasing power, technological unemployment, industrial overcapacity, and economic planning.

Perhaps the course should have been given a subtitle, Current Economic Doctrines and Fallacies — subjects which it certainly was important for students of business administration to understand.

From 1937 till the outbreak of World War II the Business Economics course placed less emphasis on current problems of public policy; it dealt rather more largely with the economic aspects of a general run of business problems from a management point of view. In addition to its other achievements, the course demonstrated that certain useful aspects of economics can be taught by means of cases. In the new program of instruction which went into effect in 1946, although Business Economics did not appear as a separate course because the pressure of other subjects was too heavy, a very considerable portion of the teaching material from the former Business Economics course was incorporated in the first-year courses in Production, Control, and Marketing, and especially in the new course in Public Relationships and Responsibilities.

When the program for a Doctor's degree was established at the School in 1922, one of the fields in which a candidate was subject to examination was economic theory. To prepare for that examination, the early candidate usually attended one of the courses in Economic Theory under the Faculty of Arts and Sciences. But in 1925 the School decided to provide its own advanced course in Economic Theory for doctoral candidates. With the approval of the Dean, second-year students also could take that course, but few enrolled. The course was of the conventional type and with incidental modifications was continued on that basis for the next fifteen years. In the course as given in the years after 1946, emphasis was on economic analysis rather than on conventional economic theory.

Thus over a period of twenty-five years a variety of attempts were made to adapt the "principles" of conventional economic theory to instruction in the Business School. Those attempts, on the whole, were not successful. As I now see it, the assignment to transplant the "principles" of conventional economic theory, as it then stood, to instruction in business administration was very difficult, if not impossible, to carry out effectively. Most of the economic theory concerning the business firm was restricted to hypothetical states of equilibrium under restrictive sets of static assumptions which completely ignored many of the most significant elements of business strategy and behavior as well as many of the most important issues involved in the decisions facing an active business executive. Most of the theory was worked out under conditions of so-called "perfect" competition in which there were assumed to be so many producers and sellers of each completely homogeneous product that no business executive had any price decisions to make and no problems of marketing strategy, product mix, or sales promotion. Even the theories of "imperfect" competition developed in the early 1930's ignored many of the most important aspects of such problems. Because of the static assumptions, the theories had little relevance to the issues posed for business executives by the continuous dynamic *change* in conditions which is one of the most important characteristics of business in the real world.

Economic theory until quite recently at least was preoccupied with a hypothetical world of virtually perfect foresight and complete information where all resources were freely mobile and all tastes and preferences were assumed to be God-given and fixed. In the world of those assumptions there could be no place for the problems of a business executive who was without perfect foresight and whose customers and competitors were far from static.

It is clear that so long as economic theory was derived from a limited set of static assumptions, business administration could not properly be treated as "applied economics." As the preceding account of the evolution of the program of instruction at the School has indicated, the trend from the outset has been to develop a new concept of administration and to sidetrack the "applied economics" approach.

The use of clinical material in the form of cases for teaching and the expansion of the research program of the School brought the Faculty and the students face to face with the realities of business life and forced the discovery of new approaches to the study of business administration. These approaches have involved heavy emphasis on the human and organizational aspects of business and on the decisions which business executives must make. They also have led, since World War II, to the development of a new course in Advanced Economic Analysis in which the emphasis is not on "principles" or "laws," but rather on methods of analysis helpful in the making of administrative decisions under realistic conditions. Economics as taught at the School thus has become a tool for business administration rather than business administration becoming an aspect of applied economics.

#### SUMMARY

The trend has been for the School to utilize the findings of related disciplines, in combination with its own independent work, but from the point of view of its own objective as a trainer of men for administrative jobs in business. By viewing other disciplines in this light, the School not only has been able to work closely with

several of them but also to make, in its own right, substantial contributions to the various related areas of thought. The Mayo researches in the human problems of administration are an example in point. The School's studies of business history have been useful to economists and others. The Master of Business Administration program has been taken by not a few men who believed it a useful base or adjunct for careers in law or engineering.

The success of the School in keeping its instruction free in large measure from the intellectual control of other disciplines was important, particularly in the earlier years, to the development of a new professional institution with a fresh point of view. Had the teaching of business administration been subordinated to an older discipline, or had business been taught too closely in conjunction with allied but still different subjects, originality and creativity would have been less free. The importance of the role of business, and particularly of the role of the business administrator, would have been obscured, with the probable result of less acceptance of the School and its graduates by the business community and less fertile interchange of ideas. Teaching business as business allowed the growth of a feeling of professional community among the students and the graduates, and that feeling gradually extended itself to other business administrators.

A list of all courses included in the School's curriculum for the academic year 1955-1956 is given below to indicate the scope and nature of subjects covered as the program of instruction evolved:

*First-year Courses* — all required:

- Administrative Practices
- Business Responsibilities in the American Society
- Control
- Finance
- Marketing
- Production
- Written Analysis of Cases

*Second-year Courses* — elective except for Business Policy:

- Administration and Review of Accounts
- Advanced Economic Analysis

Advanced Production Problems  
Advertising  
Agriculture and Business  
Analysis of Markets  
The Business Administrator and Government Policy  
Business Conditions  
Business History  
Business Policy (required)  
Economic Aspects of Public Policy  
Factory Management  
Financial Accounting  
Financial Management  
Human Relations  
Industrial Accounting  
Industrial Procurement  
Investment Management  
Legal Aspects of Business  
Management of Financial Institutions  
Management of Foreign Operations  
Management of New Enterprises  
Manufacturing  
Personnel Management  
Problems in Collective Bargaining  
Retail Distribution  
Sales Management  
Statistical Quality Control for Company Management  
Statistical Quantity Control for Company Management  
Taxation  
Transportation — National Transportation Policy  
Transportation — Management Problems of the Transportation Industry



## CHAPTER VII

# Teaching and Administrative Organizations

### *The Teaching Organization*

The regular teaching staff of the Business School in October 1908 consisted of one Professor (Dean Gay), whose teaching was chiefly in the Department of Economics, two Assistant Professors (Cole and Sprague), two full-time Instructors (Cherington and Schaub), two part-time Instructors (Daggett and Treat), and eight part-time lecturers. Of the eight part-time lecturers only six, I believe, took much part in the actual work of instruction. In addition to those regular members of the teaching staff, fifty-five outside lecturers in 1908-1909 gave one to three lectures each in various of the courses. Each of the outside lecturers was something of a specialist or widely experienced in the subject on which he spoke.

It may be advisable to explain, in passing, the differences between the various types of "lecturers" employed by the School in the early days. A part-time lecturer received a Corporation appointment, with a fixed stipend for his services, and he was responsible for the organization and conduct of a course. At the same time he held a business or professional position to which he devoted a major share of his time. For him, teaching was something of an avocation.

An outside lecturer came to the School, upon invitation, to talk on a specific topic. He had no further responsibility. Usually he was paid fifty dollars for a lecture. Because of apprehension in certain high quarters that some heretic might be invited to speak at the School, a question was raised in 1908-1909 as to whether the

Dean should be required to submit the name of each proposed outside lecturer to the Corporation for approval. The Dean, however, was able to forestall such a requirement.

A full-time lecturer was responsible for the conduct of a course or courses and held no regular outside job. Usually he was an older man and was paid a salary in the range of those of an associate or a full professor. But his appointment usually was temporary, and the use of the appellation "lecturer" avoided granting him a title usually reserved for those holding permanent or long tenure. At one time or another the term lecturer has been applied at the School to almost every sort of short-term teaching arrangement, from that of a practically honorary assignment to a full-time teaching job. Sometimes, of course, a man who initially was a lecturer became a full-fledged professor.

In 1916-1917, just before the School was disrupted by World War I, the teaching staff consisted of three professors, one associate professor, four assistant professors, one full-time lecturer, and nine part-time lecturers. In addition, 102 outside lecturers gave 171 lectures that year. There also were two full-time course assistants. One of the assistant professors served as Director of the Bureau of Business Research in addition to carrying a full teaching load.

The year 1916-1917 marked the high point in the number of outside lecturers used. The extent of their use varied greatly between courses. In Accounting, Commercial Law, and Business Statistics, for example, there were no outside lecturers that year; in Marketing, one; in Banking, one; in Factory Management, twelve; in Business Policy, twenty; and in Public Utility Operation, twenty-seven. In the courses where only one or two lecturers were used, the reason for inviting them usually was to allow them to present some unique experience or point of view. In the courses where outside lecturers provided a substantial portion of the instruction, teachers qualified to do the whole job were not available. The outside lecturers also served to bring to the classroom a feeling of realism, at a time when field research had not yet provided teaching material for most of the courses.

The utilization of outside lecturers also, incidentally, promoted

good relations with the business world. It was a means whereby a considerable number of influential businessmen became acquainted with the objectives and work of the School. Furthermore, from this association the Faculty obtained valuable ideas and suggestions.

In 1921-1922, after Dean Donham had got underway in his new position, the teaching Faculty included 9 professors, 8 assistant professors, 12 instructors, and 4 lecturers with Corporation appointments. In that year 88 outside lecturers also took part in the instruction in the School — 6 of them lecturing in two courses each, while 22 appeared in Business Policy, 12 in Sales Management, 8 in Factory Problems and the Taylor System, and 8 in Public Utility Management and Regulation. Thus over half the outside lectures were given in 4 courses, Business Policy being the only required course where any appreciable part of the instruction was provided in this manner.

During the next two years the number of outside lecturers was about the same as in 1921-1922, but by 1925-1926 the number had been cut in half and it continued to decline thereafter. As the case method of instruction came to be more and more widely used in the School and as the number of qualified teachers available increased, the need for outside lecturers waned. The cases provided realistic material for classroom discussion. Also, the instructor who was using cases could schedule the development of his subject more effectively and maintain a higher tempo in the class when outside lecturers were not injected into the program.

In 1928-1929, just before the severe business depression struck, there were 19 professors, 10 associate professors, 7 assistant professors, 16 instructors, and 4 lecturers with Corporation appointments. In that year only 18 outside lecturers were used, divided among 9 courses.

In 1939-1940, at the outbreak of World War II, there were on the Faculty 31 professors, 8 associate professors, 14 assistant professors; 8 instructors, and 2 part-time lecturers. Although there may have been a guest speaker occasionally in some course, the outside lecturers had disappeared.

By 1954-1955 the teaching staff had grown to nearly twice its

prewar size. In that year there were 42 professors, 14 associate professors, 30 assistant professors, 25 instructors and research associates, and 4 lecturers.

One point to be noted in connection with this summary of the composition of the teaching staff is the relatively high ratio of full professors. In order to attract older men of experience and in order to hold younger men of promise, who were continually receiving lucrative offers from other educational institutions and especially from business concerns, it had been necessary for the School to follow a liberal policy in appointment and promotion.

#### RECRUITING AND TRAINING

The selection of teachers probably is the key point in the determination of the contributions made by an educational institution, and the task of selection rests heavily upon the administrative head and those who assist him in making his selections.

Let us take intelligence, good character, and a high measure of training or experience for granted as qualifications, and go on to inquire what philosophy, what guiding principles, the Deans of the Business School have had in mind in building their teaching staffs. I believe the views listed below have been shared by the Deans and have been the underlying, controlling factors in their selections of teachers. Some of these views we have met before.

1. Business in itself is a worthy and proper subject for academic interest and for professional training.
2. The approach to business training must be from the particular and the actual, based on a close knowledge of what business is doing. Hence, field research needs to be carried on.
3. In professional training for business, emphasis should be on the art of business administration in general rather than on particular jobs or particular industries.
4. For the business administrator, facing, as he does, a constantly changing stream of problems, it is training in the ability to understand, to analyze, to synthesize, and to decide

that is important — not the accumulation of factual knowledge or familiarity with static theories.

5. For the business administrator it is essential to be able to work with others.
6. Students of business administration need to participate actively, imaginatively, and cooperatively in the consideration of business problems, and business cases form the appropriate basis for such participation.
7. That business, being in itself so varied, needs teachers of administration not only with flexible minds but of differing backgrounds and with differing points of view.
8. Through professional training, improvements can be brought about in both the quantitative and qualitative management of industry: improvements in practical, efficient management; improvement in attitudes, aims, and standards.
9. The School's responsibility for the advancement of business administration extends beyond training students for managerial and teaching positions, and calls for a foundation of basic research with results suitable for publication, and for a co-operative relationship with the business community.

The importance placed on these various items as determinants of the qualifications of men for positions on the School's teaching staff of course has varied from time to time according to circumstances. During the period when the case method was being installed so rapidly, for example, a man's ability to use and his interest in using cases was a particularly important factor in the decision as to whether to recommend him for a position on the Faculty or for a promotion. At other times, research ability has been in the forefront as a criterion. Again, emphasis has shifted to the human and social problems involved in business management. At times in the recruitment task the need for variety in teacher backgrounds, experience, and points of view was stressed.

On the whole, rather than putting primary stress on specialized knowledge, a proper balance in the Faculty was sought with respect to performance within the framework of beliefs just outlined. This

does not mean that specialized knowledge was scorned — quite the contrary. It means, rather, that a high measure of specialized knowledge was taken for granted, and that men were sought for the teaching staff who could approach their tasks with the aim, not of making their students reservoirs of information but, rather, of leading the students, armed with facts and faced with problems, to think for themselves.

It is pointed out from time to time in this report that administration as understood at the School is largely a decision-making process and that emphasis constantly was placed on training men in decision making. I would not want it thought, however, that the Faculty of the School was attempting to develop a breed of infallible decision makers — men who would suppose themselves capable of making the right decision once and for all.

The intended effect of instruction, and the effect generally achieved, I believe, went far beyond giving students experience in making decisions with a proper regard for all the factors in a given situation. The instructional climate destroyed the fear of making decisions and, more important even, the fear of remaking decisions. When a competent young man time after time made his decision on a problem presented to him and then learned through classroom interchanges that other equally competent young men had come to different, and equally defensible, decisions, and, further, that very likely none of the original decisions was quite right, then that young man was bound to conclude that it was no disgrace not to get the "best" answer at the first try and certainly wise to keep an open mind. He learned to be fearless in coming to a considered decision and equally fearless in coming to considered redeisions. It was this kind of flexibility that the School's teachers were expected to encourage.

The goal was to select a teaching staff (1) able to train men to participate in the management of business enterprises not merely with competence but also with vision — an openmindedness toward change and improvement; (2) able to gather, examine, and interpret the facts of business life so as to advance knowledge; and (3) able to work constructively with businessmen and others to

improve business practices and to increase understanding of the place of business in the community. The general effect has been to bring together a teaching staff with broad interests, a sense of social responsibility, and a realistic but dynamic and imaginative point of view.

When Professor Gay became Dean of the Business School, in the spring of 1908, his first major task was the selection of a teaching staff, and the recruiting of teachers continued to be a primary task of each Dean.

Dean Gay's initial search for teachers was a major test of his resourcefulness and judgment. As the field of graduate instruction in business administration was brand new, there was no supply of experienced teachers upon which to draw. The point of view and the proposed method of instruction in the new School, furthermore, were quite different from those which then obtained in the undergraduate schools of commerce, and Dean Gay shrewdly realized that to transplant teachers from such schools into the new Business School might put a brake on the originality of its development.

In his search, Dean Gay drew somewhat upon his own rather brief acquaintance with the Department of Economics and other departments in the University. His main reliance, however, was on other sources. The Dean himself had few business acquaintances, but he enlisted the interest of Mr. Greene, Secretary of the Harvard Corporation, who did have a wide acquaintance among Harvard alumni and other business and professional men. Mr. Greene gave Dean Gay several helpful suggestions as to men with whom to talk, such as Mr. Robert Herrick, a member of one of the large law firms in Boston and a director or officer of numerous corporations; Mr. James J. Storrow, one of Boston's most respected and influential businessmen, a member of the investment firm of Lee, Higginson & Company; and Thomas W. Lamont, then of the Bankers Trust Company in New York. From such leads as these and from others which he dug up, Dean Gay went on with his inquiries until he had chosen his faculty and located the desired outside lecturers.

The background experience of the men who became full-time

members of the original Faculty was summarized in an earlier chapter.<sup>1</sup> From 1909 to 1917, eight other full-time teachers were employed for varying periods of service. Two were obtained from academic sources; three were from the staff of the Bureau of Corporations and its successor, the Federal Trade Commission; two were recent graduates of the School, and the other, after having studied law and theology, had been employed by a civic organization in Boston and had acquired some proficiency in "scientific management." Of those eight men, only three were on the Faculty after the end of World War I, and only one of them was still there when the School moved into its new plant in 1927.

When Mr. Donham became Dean of the School he, also, had a major recruiting problem on his hands. The wide range of outside sources which Dean Donham drew upon is indicated by the following incomplete list of teachers added to the Faculty from 1920 to 1929 and their previous employment: John G. Callan, Professor of Engineering, University of Wisconsin (after 17 years in industry); Arthur S. Dewing, operator of several small public utility companies in New England; Nathan Isaacs, Professor of Law, University of Pittsburgh; Philip Cabot, investment banking business (30 years); Harry R. Tosdal, Professor of Economics, Boston University; Thomas H. Sanders, Associate Professor of Accounting, University of Minnesota (after 6 years of business experience in England and 9 years of teaching in Japan); J. Anton deHaas, Professor of Foreign Trade, New York University, N. S. B. Gras, Professor of Economic History, University of Minnesota; Howard T. Lewis, Dean, College of Business Administration, University of Washington; Elton Mayo, Research Associate in Industry, University of Pennsylvania (previously Lecturer and Professor of Psychology in Australia); Ross G. Walker, Assistant Professor of Accounting, University of Iowa; Joseph L. Snider, Economist, Harvard Committee on Economic Research; Georges F. Doriot, business; Clyde O. Ruggles, Dean, College of Commerce and Administration, Ohio State University; Edwin C. Robbins, Dean, School of Business Administration, University of Oregon; W.

<sup>1</sup> Chapter I, pp. 21-26.



Arnold Hosmer, Professor of Economics, Hobart College; Franklin E. Folts, Professor, School of Business Administration, University of Oregon; Henry W. Dunn, Investment Counsel, Pasadena, California (previously a practicing lawyer for 26 years); Robert L. Masson, Associate Professor of Finance, University of Michigan; Richard S. Meriam, Professor of Economics, Amherst College.

From 1930 on the School continued to recruit teachers from outside sources. The proportion of teachers recruited from within the School, however, had been increasing steadily since 1921. As the research program of the School expanded and as the size of the junior teaching and administrative staffs was increased, numerous young men who had served apprenticeships in those activities were promoted to Faculty membership. Many of those young men, but by no means all, were graduates of the School.

A complete list of the Faculty members who started out as research, instructional, or administrative assistants is too long to present here. Indeed, in 1955-1956 there were at least fifty-six of them. Among the full Professors in 1955-1956 the following had been recruited from within the School: Bates, Borden, T. H. Brown, Butters, David, Gragg, H. L. Hansen, A. W. Hanson, Hower, Hunt, Learned, Lombard, McNair, Mace, Merry, Nickerson, Roethlisberger, G. A. Smith, Jr., D. T. Smith, and Teele. Among the Associate Professors, the following men likewise had come up through the ranks: Andrews, Anthony, M. P. Brown, P. W. Cherington, Christensen, Lintner, Schlaifer, and Williams. And a large majority of the Assistant Professors also had begun their careers at the School.

The apprenticeship at the School provided valuable training and broadening business associations. During the apprenticeship period, furthermore, the members of the Faculty could coach and assist the young men and also observe the industry, the imagination, the resourcefulness, and the accuracy with which they carried out their assignments.

While numerous men of outstanding ability have been appointed to the Faculty from outside sources during the last thirty years, the record shows that young men developed in the School have

played an important part in shaping its progress. If a young man had potential teaching competency, intellectual honesty, and a willingness to work, his youth was not a handicap to him in the classroom. Indeed, it is reasonably certain that the occasional weak spots found in the teaching staff could have been avoided had steps been taken in good season to recruit and train able young men for those positions.

A statement by President Conant in his report for 1951-1952 seems to indicate that he had come to essentially the same conclusion regarding the advantages of recruiting able young men to build a strong faculty. He expressed his views as follows:

In my first annual report I summarized my philosophy as an academic administrator by predicting that "Harvard's success will depend almost entirely on our ability to procure men of the highest caliber for our student body and for our faculty. . . . If we have in each department of the University the most distinguished faculty which it is possible to obtain, we need have little worry about the future." After 19 years of duty, I stand firmly on those statements. But I do so with far more knowledge of the difficulties in making any such policy a reality than I dreamed of in 1934. For I now realize that except in a period of great expansion there is little hope of building a distinguished faculty unless there is a long-range plan for continual recruitment of the most promising young men.

An ever-present question in building the teaching staff over the years was whether to take mature men from business who had had no academic experience. It clearly is advantageous in a professional business school to have some teachers who have had personal experience in the practice of business administration. In the early years that need was met, in part at least, by the use of part-time and outside lecturers. In the 1920's several experienced businessmen became full-time members of the senior Faculty, and later more were added until men with a considerable amount of business experience came to hold a third of the full professorships at the School. Some of those businessmen were outstandingly successful as teachers, but finding mature businessmen who also had teaching capacity was a particularly difficult task. The fact that a man had

carried on a business with success was no assurance that he could discuss effectively the problems of scores of other concerns outside his range of experience. On the contrary, there was a tendency for him to look at all problems primarily in the narrow light of his own experience. Men who had held executive positions in business, moreover, sometimes found it onerous to get down to the spade work which a teacher inevitably has to do, especially if he is conducting his classes by discussion of cases. The School's experience indicates to me that it is the exceptional businessman who can adapt himself in his maturity to academic work. Happily, there are exceptional businessmen to enrich the School's instruction.

After about 1930, with the increase in the number of teachers needed and the increasing pressures on the Dean from many directions, much of the preliminary screening of candidates for the teaching staff had to be left to the Associate Dean and to members of the senior Faculty. The Dean, nevertheless, had to approve every recommendation made to the Corporation for a Faculty appointment.

#### PROMOTIONS

The problem of promotion ranks with the problem of faculty recruiting as a difficult and vital task in educational administration. When a man accepts a position on a university faculty, he is doing more than taking a job; he is starting on what he hopes will be a career. The monetary reward which he will receive very likely will be less, sometimes substantially less, than what he would earn elsewhere. He takes the position because of his interest in the subject he is to teach, because of anticipated satisfaction in teaching, and sometimes, perhaps, because of a delusory idea that in university teaching the hours are short and the vacations long. For the university teacher promotion normally represents not merely a higher salary but especially academic recognition. Hence promotion is a matter of great importance to him.

And yet, from the university's standpoint, mere faithful service for a term of years is not sufficient ground for promotion. In his report to the Board of Overseers in 1941 President Conant made

the following comment: "As Mr. Lowell once remarked, there is no surer way of ruining a university than by filling the permanent posts with 'good' men. 'Good' men are not good enough; it is the exceptional men who are required."

Professors always agree with such a statement — in the abstract. But when it comes down to an individual case, some of the members of every faculty with which I have been acquainted are swayed — by friendship, sympathy, and sometimes by personal convenience — to lend their support to the promotion of merely "good" men. Students and alumni also occasionally give their backing to popular "good" men.

In his report for 1943-1944 President Conant commented: "I am convinced . . . that nine times out of ten the normal forces working within any special segment of the University make for a good appointment, but against an excellent appointment."

In Harvard University the official procedure for promotion is for the Dean of a professional school, such as the Business School, to make a recommendation to the President, who in turn submits that recommendation, provided it meets with his approval, to the Corporation. If the recommendation is voted by the Corporation, it then goes to the Board of Overseers for approval by that Board. It has been rare, however, for the Corporation or the Board of Overseers to reject a recommendation coming to them from the President. Hence in practice official decisions on promotions are made by the President and the Dean of the School concerned. But in a School with a large Faculty, the Dean and the President usually find that they need assistance in determining whether to recommend a promotion.

The promotions of especial concern in the Business School have been those which involve advancement to associate professorships and full professorships. After a young man has served an apprenticeship as instructor or research associate, if he shows promise he may be appointed an assistant professor, usually for a term of three years. At the end of that term he may be reappointed for another term of three years, or, if his work has been exceptionally good, he may be considered immediately for promotion to an associate pro-

fessorship. At all events, a decision normally has to be made not later than the end of a man's second term as assistant professor as to whether he shall be promoted to an associate professorship.

The promotion to an associate professorship in the Business School has long been considered a key decision. In the Business School, unlike some other departments of the University, appointment to an associate professorship ordinarily is not for life tenure. Usually it is for a five-year-term and there is no commitment that at the end of that term promotion to a full professorship will follow. It is generally understood, nevertheless, that when a man is appointed associate professor he has good prospects for further advancement. Otherwise it would be better for him to seek a position elsewhere before he reaches an age when transfers are made with greater difficulty. Also, by the time he has completed his terms as instructor and assistant professor, it should be possible for his colleagues and the Dean to judge as to whether he has the character, the physical health, the teaching ability, and the promise of scholarly attainment which will qualify him to become a permanent member of the Faculty.

After the completion of one term by an associate professor a final check by those responsible is usually made to decide whether a man should be promoted to a full professorship, which at Harvard in most instances carries life tenure.

The foregoing schedule is subject to all sorts of variations in timing, but it gives the heavily predominant pattern of advancement in the Faculty.

While Mr. Gay was Dean, the Faculty was small and the Dean could ascertain from personal observation whether a member of the Faculty merited promotion. During the first years of Dean Donham's administration the Dean likewise was so intimately in touch with the Faculty and the students that he was in a position personally to judge candidates for promotion. Presently, however, it became evident that the Dean needed assistance, and various procedures were tried. I am not certain as to the date nor am I acquainted with all the circumstances, but during the later years of President Lowell's administration it became common for the

Dean to designate a small, informal committee of senior members of the Faculty to confer with the President on each recommendation for promotion to an associate or full professorship.

That arrangement, however, was not a thoroughly workable one, at least for borderline cases. In those instances in which promotions clearly were merited, the committees did serve to give the President assurance thereof. But in a borderline case, there always was a possibility that the committee inadvertently might be loaded either for or against the candidate. Basically the committee procedure involved an unsatisfactory division of responsibility.

After Mr. Conant became President, he tried various experiments for determining the merit of candidates, his procedure varying between Faculties. In the case of the Business School, he occasionally called in some senior member of the Faculty for an informal discussion of a recommendation, but such a discussion usually was brief and in the nature of a confirmation rather than a comprehensive review of the case. President Conant placed his chief reliance on the recommendation from the Dean.

In the 1930's the common procedure of the Dean was to discuss each question of promotion with a group of the senior professors before making any recommendation to the President. The Dean also made such other inquiries as the case seemed to warrant. Occasionally he appointed a committee to canvas the situation.

During the period of World War II problems of promotion fell somewhat into the background. But after the resumption of civilian instruction, in 1946, those problems became more and more pressing. In 1947, or thereabouts, Dean David inaugurated the practice of holding two or three meetings each year, to which all the full professors on the Faculty were invited, for discussion of promotions. In order to induce frank statements, the discussions were expected to be held strictly confidential within the group. After a review of the cases subject to consideration, the Dean appointed for each case a committee of three or four professors, only one of whom was from the same field of instruction as the candidate, to marshal whatever evidence was available and to investigate alternative candidates from outside sources. Those committees worked diligently



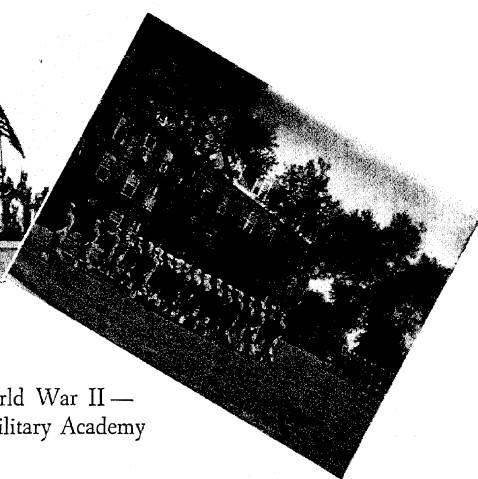
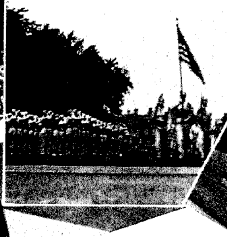
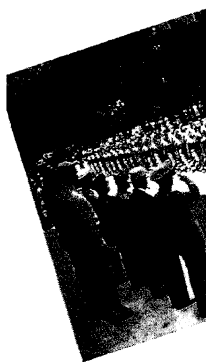
*Harvard University News Office*

McCulloch, One of the Six  
Student Living Halls



Reading Room of  
Baker Library

*Walter R. Fleischer*



World War II—  
A Military Academy



Advanced Management  
Students Take a Coffee  
Break



A Case Discussion by Middle  
Management Students

*Koby Cambridge*



Students in the Trade Union  
Program

*Bruce E. Harding*

A Panel Discussion: Students  
in the Harvard-Radcliffe  
Program in Business  
Administration



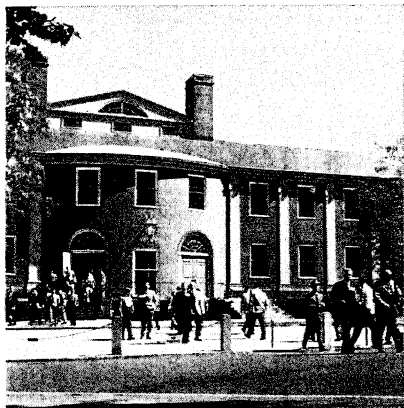
*Fortune Magazine*





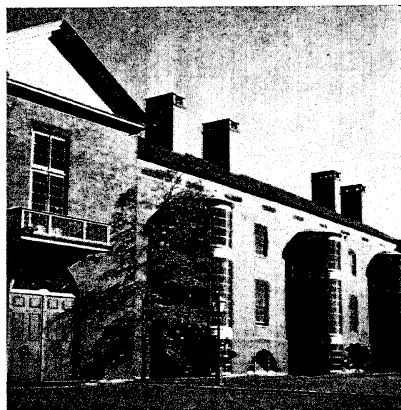
*Bradford Washburn*

The Business School (in foreground) Looking Across Charles River  
to Harvard Houses



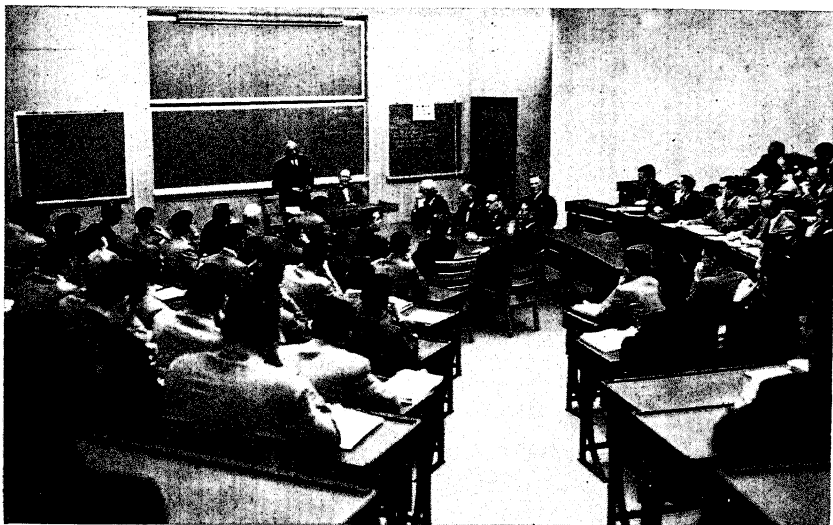
*Bruce E. Harding*

Kresge Hall — Dining,  
Conference, and Social Center



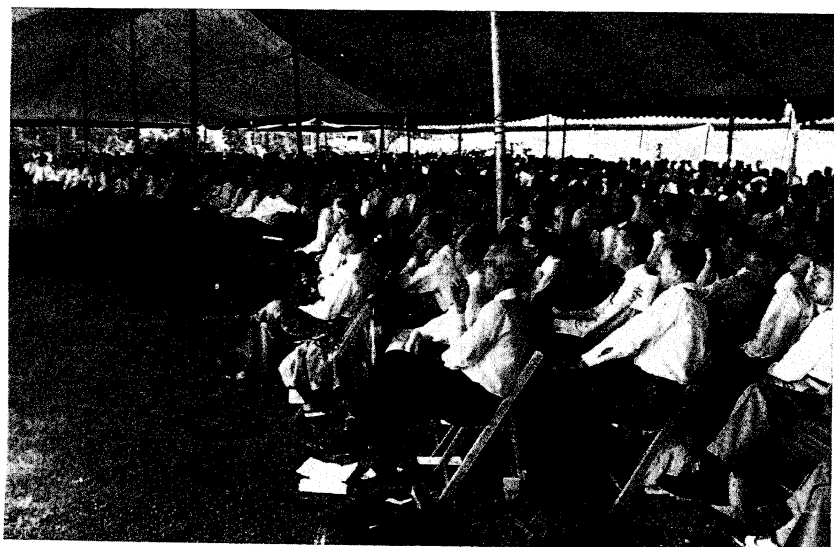
*Bruce E. Harding*

Aldrich Hall — Headquarters  
for Instruction



*Walter R. Fleischer*

First Class to Meet in Aldrich — Dean David, the Building  
Committee, Professor McLean, and M.B.A. Students



*Walter R. Fleischer*

Alumni Summer Conference Under the Big Tent

on their assignments and reported at a later meeting of the Appointments Committee, as the large group was called. At that later meeting each committee report was discussed thoroughly, and then an informal vote was taken. The vote of the Appointments Committee was not binding on the Dean.

The reports of the committees and the discussions of their reports gave the Dean a more comprehensive understanding of each case than other methods had yielded. Whenever the Appointments Committee was unanimous or practically unanimous in favor of a particular promotion, the Dean could go ahead with his recommendation with great assurance. When there was a majority or even a substantial minority not in favor, the chances were strong that the man was at best a good candidate but not an excellent one.

Another development which had a bearing on the promotion problem arose from the expansion after 1941-1942 of project research at the School. Arrangements usually could be made to enable the younger members of the Faculty to undertake research projects before final decisions had to be made on their promotions. The showing which a man made on a research project furnished evidence to the Committee on Appointments regarding his imagination, resourcefulness, perseverance, intellectual courage, mental stamina, and judgment. That evidence was a highly valuable supplement to the evidence obtained from other sources regarding the candidate's teaching ability, health, and general character.

Participation in the research program was not a required condition for advancement, but such participation did offer an opportunity for a man to demonstrate his abilities. When a man had an opportunity to carry on research and shied away from it, a real question was thereby raised as to his qualifications. By and large, the project research program served effectively in many cases to differentiate the excellent from the "good" prospects for promotion.

#### COMMITTEES

The members of the Faculty, as individuals, provide instruction for the students, which is the main purpose of an academic institution, and carry on research for the advancement of knowledge.

Collectively the Faculty is a legislative body, which establishes policies and rules for the operation of the institution, subject to approval by the Governing Boards of the University. During Dean Gay's administration and the early years of Dean Donham's regime, the Faculty was small enough so that most legislative matters could be threshed out effectively in Faculty meetings. Committees were set up, to be sure, for certain purposes, but in those early years committee work for the Faculty was light. As the Faculty grew larger and larger and as the School's activities multiplied, however, preliminary consideration of legislative problems was assigned more and more frequently to committees of the Faculty, and in some instances administrative tasks also were delegated to standing committees or boards. The committee system proliferated until it was a rare day when at least one committee meeting was not held, and often two or more were in progress at the same time. No attempt is made to list here all the committees that were appointed from 1920 to 1955. A brief statement does seem to be in order, however, regarding a few of the major permanent committees.

The Committee on Instruction, later known as the Educational Policy Committee, which was first appointed sometime in the 1920's as I recall it, gradually became the clearinghouse for all legislative matters pertaining to instruction. Numerous questions brought up in Faculty meetings were referred to that committee and it always could initiate consideration of instructional problems; usually it was large, in later years often having a membership of twenty. Many questions referred to the committee were presently turned over to subcommittees for special study. Thus most legislative problems were investigated and discussed at length in small groups before being placed before the whole Faculty for action. The chairmanship of this committee was a very responsible job. The chairman appointed subcommittees, presided at committee meetings, prepared or supervised the preparation of the reports which eventually were submitted to the Faculty, and shepherded the reports through Faculty meetings.

Another standing committee which came into being in the

1920's was the Admissions Committee. That committee made recommendations to the Faculty on admissions policy, but the bulk of its work was administrative, in reviewing and acting on applications for admission to the School. After 1945 the admissions work was divided between an Admissions Policy Committee and an Admissions Board, which handled the administrative work.

To the Scholarship Committee — after 1945 the Scholarship Board — certain administrative tasks were likewise delegated. Acting under rules voted by the Faculty, that committee, for example, reviewed the cases of students who were in scholastic trouble and advised the Dean as to what action should be taken. The committee's assignment covered the whole range of problems of scholastic standing, except recommendations for the granting of Distinction degrees. There was a separate committee for the latter purpose. Problems of scholastic standing could be dealt with far more understandingly and less emotionally by a committee than by a large Faculty meeting. Serious cases, however, always were referred to the Faculty for final decision.

When the program for the Doctor's degree was set up in 1922, the Faculty authorized the appointment of a standing committee to handle applications for admission to candidacy for the degree, to supervise the appointment of committees for oral examinations and the reading of theses, and to make recommendations to the Faculty on questions of policy. After 1943 this committee was known as the Doctoral Board.

The foregoing brief discussion of the committee structure of the Faculty serves, incidentally, to reveal the legislative and administrative duties which teachers are expected to perform in addition to teaching.

I think it well to add here that in 1956-1957 the committee structure of the Faculty was completely revised to reduce the amount of time devoted to committee work and to provide for more direct and simpler communication among members of the Faculty. Several committees were abolished and an over-all Programs and Policies Committee was established to which the Faculty delegated a large measure of authority.

## OUTSIDE WORK

Another type of activity, carried on by numerous members of the Faculty especially after 1920, has been professional consulting work with business firms and various other institutions. The University has had a general policy, which antedates the founding of the Business School, of granting occasional leaves of absence to Faculty members for reasons of health or to allow them to study or carry on original work in their fields of interest. Such leaves of absence have been granted for a full year with half-pay or for a half-year with full pay. A professor ordinarily was eligible for such a leave of absence only once every seven years — hence the term “sabbatical” leave.

Although members of the Business School Faculty are eligible for these leaves, only rarely have they taken sabbaticals. During the earlier years, they seldom could be spared from teaching. Later, members of the Faculty frequently were relieved of part or all of their teaching load for a half-year or a whole year to carry on or supervise case research, with full pay. And since 1942 many members have been engaged full-time for a year or longer in project research, also with full pay. But when engaged in research, they usually have maintained their headquarters at the School and have utilized its secretarial and other facilities.

Leaves of absence without pay have been granted from time to time — as for example in both World Wars, and occasionally under other circumstances. After World War II requests that members of the Faculty be released for temporary service with government agencies became so numerous and so insistent that a rule was established that such leaves should not exceed eighteen months. There seemed to be a feeling among many government officials that an educational institution should be able to release members of its faculty on short notice for indefinite periods. As a matter of fact, of course, an institution such as the Harvard Business School operates on a tight budget, usually with a shortage rather than a surplus of man power.

About 1920 another type of demand on Faculty time appeared.

Business firms which had learned of the School's work began to request members of the Faculty to serve them as consultants while still performing their regular duties at the School. Such work gave members of the Faculty the opportunity to acquire valuable experience in business administration as well as welcome additions to their income. Numerous teachers at the School also were asked from time to time to take classes at other educational institutions, and, in later years, to take part in company management-training programs. Dean Donham was in sympathy with the idea of outside work provided it could be kept within proper bounds. At his initiative the Faculty in 1926 authorized the appointment of a special committee, of which Professor Sprague was chairman, to consider the problem of outside work.

The report of that committee was adopted by the Faculty, May 11, 1927, and subsequently was approved by the President and Fellows of Harvard College. The report was of basic importance and it is recorded here practically in full:

1. These recommendations relate primarily to those who are full-time members of the staff of the School. While employment of men on a part-time basis may be advisable in particular instances, it is assumed that the staff of the School will always be made up principally of men whose University duties are their chief interest and regular occupation. It is suggested that those devoting only part time to University work might well as a rule receive appointments as lecturers rather than as professors.

2. An indeterminate amount of outside work, as a means of securing contacts with business and a more intimate understanding of business problems and practice, is of advantage to a member of the staff, both as a teacher and as a research worker. But for full-time members of the staff, work in the School should constantly be the main interest, while the most important secondary interest should be productive scholarship.

3. An elastic limitation of the time given to outside work is recommended, due consideration being given both to the health and energy of the teacher and to the character of the work itself. And this limitation on outside work should not apply merely to the academic year but to the calendar year.

4. Outside work may be roughly classified as follows:
  - a. Routine work of little or no value aside from the remuneration received. Work of this character is inadvisable with perhaps some exceptions in the case of younger members of the staff.
  - b. Outside teaching. Ordinarily outside teaching is deemed inadvisable except for younger members of the staff who are not enjoying opportunities to secure classroom experience as a part of their regular Business School work.
  - c. Regular work of an executive or of an advisory character for particular business concerns or for professional or trade associations.
  - d. Temporary work of an executive or of an advisory character for various business concerns.
    - (1) Members of the staff will derive most advantage from work included under *c* and *d*, if it affords opportunities for securing a wide range of experience, and if it involves some measure of responsibility.
    - (2) Employers should clearly understand, and this is a matter of special importance in cases of continuing connection, that members of the staff cannot be called upon for service under conditions as to time and amount that would interfere with the performance of regular University duties.
    - (3) The possibility that the employment of members of the staff may be used for advertising purposes should not be overlooked. Similarly objectionable is an advertising use of connection with the School by those who leave it to engage in active business.
  - e. Testimony as experts before commissions, etc. Occasional service as experts before commissions or courts is not deemed inadvisable, but frequent service in giving testimony of this kind is likely to result in a reputation which should be avoided by members of the Faculty.
  - f. Public service. Whether a staff member should give liberally of his time and of his efforts to some public service depends upon the current needs of the School and whether his ordinary School commitments can be cared for adequately in justice to the existing staff. Requests made upon staff members for public service should



be taken up with the Dean to determine whether the School is in a position to give the time requested. When engaged in activities of a public character, members of the staff should invariably disclose past as well as present relationships with whatever business might be even distantly affected.

5. Each member of the staff periodically should put in writing for the information of the Dean and the President of the University data regarding all outside work which he has in hand and under contemplation. In general, any commitments which may involve the expenditure of time and effort should be discussed in advance with the Dean of the School.

The report of the Sprague Committee just quoted became a code of conduct for the Faculty in undertaking outside work and it served as a highly useful instrument for the Dean in handling administrative problems concerned with that work. Dean Donham's leadership in securing the adoption of the Sprague report by the Faculty was one of his most farsighted moves. The official sanction given by the Harvard Corporation, furthermore, greatly strengthened the hand of the Dean.

Dean David foresaw that the pressure upon members of the Faculty to take on outside work was likely to increase after World War II. Consequently he appointed another committee, under the chairmanship of Professor Thomas H. Sanders, to review the policy embodied in the Sprague report.

In its report, the Sanders Committee reaffirmed the recommendations of the Sprague Committee and then went on to clarify and elaborate some of the points in the Sprague report. One of those clarifications was of especial significance:

The more generally advantageous arrangements for such work are those of a strictly consultative character, in which the consultant's function is that of expressing an opinion or giving advice on business problems, rather than a direct and continuous participation in routine administrative responsibilities as a regular member of a client organization. The latter situation will have a tendency to make demands upon a Faculty member's time which are likely to exceed the point of maximum advantage. Consulting work, if significant, carries its own responsibility, but as a rule

offers both experience and responsibility in more concentrated forms than is the case with work analogous to the continuous administration of a department chief.

The report of the Sanders committee was approved by the Faculty. A large majority of the Faculty in 1946 had come to the School after the original policy was formulated. Hence the policy review gave the current members an opportunity to discuss the subject and to make the policy their own, not merely something handed down to them. That too was advantageous because, as the Dean had anticipated, the demand for consulting and other outside work did increase greatly, and with the increased demand more and more outside work was done. So much, in fact, as to raise a question as to whether the established policy was being strictly maintained; during recent years there has been a growing apprehension among some members of the Faculty that outside work may be getting out of hand.

The financial arrangements for outside work always have been made by the members of the Faculty and the institutions concerned, and the Faculty members have retained whatever fees they received.

Many members of the Faculty through their outside work have gained experience which has been of inestimable value to them in their teaching. The School also has benefited in other ways. The consulting work, for example, has served to strengthen the interest of many clients in the work of the School. The School has also suffered, occasionally, when a Faculty consultant has been persuaded to join the client's organization permanently. The gains to the School have far offset the losses, however, and on the whole the outside work of the Faculty has been kept subservient to the primary interests of the School.

In closing this section on the teaching organization I should like to return to a statement I made earlier with reference to the difficulty of pointing up the contributions and achievements of individual members of the teaching Faculty.

When an early version of the manuscript for this work was submitted to the Faculty for suggestions, there was some criticism ex-

pressed because various teachers of note, who had contributed ideas which lay at the very root of policies and programs at the School, were not mentioned, or were mentioned only briefly in connection with administrative tasks with which they had been charged. In short — according to this criticism — the entire story of the Business School was made to seem the work of the Deans and a few other administrators.

Although emphasis has been placed in this report, so far as personalities are concerned, upon those serving in administrative capacities, that emphasis by no means indicates that in my opinion the work of administration is more important than the work of teaching and of research. My feelings are quite the contrary. My heart lies with the teacher and the creative thinker. Administration is not the greater task; it is a special kind of task.

The administrator is a leader. One of his tasks is to suggest new ideas and especially to encourage his colleague to bring forth new, constructive ideas, to be weighed and coordinated into a meaningful whole which carries the entire organization forward. No one man is capable of more than a few really creative ideas, and the administrator has the responsibility for drawing ideas from all available sources and then combining them into a constructive whole. To obtain effective results, teamwork is required, and the problem of assigning proper recognition and proper rewards to each member of the organization is one of the most difficult tasks of the administrator. To me it has seemed impossible, if not improper, to attempt to unweave the pattern and say whose part this was and whose part that. The emphasis has been on the leaders, but with full realization that the results have been produced by many members of a team, working together.

### *Development of the Administrative Organization*

In 1908 the administrative organization consisted of the Dean and the Secretary of the School. The Dean also carried a substantial teaching load and the Secretary a full teaching assignment. In the "Directory of Administrative Functions" in the School's catalogue

for 1955-1956 the following administrative positions were listed as of March 1, 1955: Dean; Associate Dean; Director of Admissions; Director of Associates; Director of Advanced Management Program; Director of Alumni Relations; Director of Case Development; Director of Doctoral Program; Director of Financial Aid; Director of Harvard Business School Fund; Director of Management Training Program; Director of Middle Management Program; Director of Moffet Program; Director of Overseas Relations; Director of Placement; Director of Research; Director of Trade Union Program; Editor of *Business History Review*; Editor of *Harvard Business Review*; Librarian; Physician-in-Charge; Registrar; Secretary of the School. Most of the officers just listed devoted all their time to administrative work and had the aid of a corps of assistants and secretaries.

From 1908 to 1920 only a few additions to the administrative staff had been made; namely, a Superintendent of the Reading Room in 1910; a Director of the Bureau of Business Research, who had a substantial teaching load, in 1911; and an Assistant Secretary, in 1913.

Dean Donham, upon taking office soon, found that he needed more administrative assistance. Consequently in 1920 an Assistant Dean was appointed. In 1921 a second Assistant Dean was added, and in 1922 a third. The first two Assistant Deans did some teaching, and it became Dean Donham's policy to have most of the Assistant Deans take some part in classroom instruction, as a means of assuring them challenging careers at the School. The number of Assistant Deans was increased to five in 1923, to six in 1925, and after some variations to eight in 1929. In 1931 an Associate Dean was appointed.

From 1930 to 1941 the number of Assistant Deans varied between four and seven, the number each year being determined by the state of the School's budget and by special tasks to be undertaken. Of course, when the Dean's Office was shorthanded, more of the administrative chores necessarily were assigned to members of the teaching Faculty.

The various tasks handled by the Assistant Deans in this period

included interviewing and screening candidates for admission, arranging for living and eating accommodations for the students, student discipline, financial aid for students, student placement, alumni relations and placement, special analyses and studies of numerous sorts for the information and guidance of the Dean, and the reception and entertainment of visitors. Those tasks were carried out in accordance with policies established by the Faculty and, when needed, with participation by members of the teaching staff. Other members of the Dean's organization were responsible for keeping the School's records and accounts and for the development and maintenance of the physical plant. This summary of activities is far from complete; it is intended merely to indicate the scope and variety of the problems encountered in the administration of the institution.

Most of the Assistant Deans were young men, typically recent graduates of the School. Some remained as members of the Faculty. Others served only two or three years and then accepted business or administrative positions elsewhere. This was a matter of policy. Dean Donham, in his report in 1939, explained:

We have avoided a high degree of specialization among the office personnel. There have, of necessity, been general areas of responsibility, but every Assistant Dean may deal with any of the functions of the office. This has enabled us to give Assistant Deans a wide enough experience so that we can make changes in personnel without disrupting the work.

The policy of keeping a young staff of assistants meant time lost in training but it had more than compensating advantages. Under that policy it was possible to obtain young men, usually of high ability, many of whom would not have accepted such positions except on a temporary basis for the sake of the experience to be gained. It also was advantageous to have in the administrative organization a group of men fairly close to the students in age and experience.

In 1930 — in the heyday of the youthful Assistant Deans — I was to speak at a dinner in San Francisco. The gentleman who was to preside was one of the leading businessmen in the city, and he

apparently attached more importance to titles than I did. Just before dinner, he remarked to me: "Let's see, you're Dean of the Harvard Business School, aren't you?" When I explained that I was just an ordinary professor, he exclaimed, "But aren't you at least an Assistant Dean?"

During the G.I. period, and the later expansion of the School's activities, the administrative organization was further increased, and more specific functional responsibilities were assigned to various members — as witnessed by the list of positions for 1955–1956 given at the opening of this section. The policy of recruiting young men to serve for a few years in the Dean's Office was continued, but it became evident that for more and more activities a continuity of administration was important.

As the School grew and its activities expanded, records and accounts continually became more complex and more important to smooth administrative functioning. The Registrar's Office, for example, came to handle thousands of entries and was called upon to make multitudes of essential arrangements for students and Faculty, particularly during the World War II period and the G.I. period which followed. It was Miss Helen Eastman who, as Registrar during those hectic days, provided continuity and brought order out of chaos. Similarly, Miss Lillian Cotter, long a figure in the School's financial circles, as Financial Secretary coped with the ever-growing stream of accounts. Among other women who helped preserve the continuity and efficiency of the School's administrative setup under the need for increased records and paper work were Miss Anna Bell, head of the School's typing pool; Mrs. Madonna Donahue, supervisor of case records; and Miss Mary White, in charge of multigraphing and other duplicating work.

### *Visitors to the School*

Before the subject of duties performed by the administrative staff is completed, there is one further topic to be commented on — the reception and entertainment of visitors to the School. During the first few years, most businessmen, educators, and others either

ignored the School or were content to look at it from afar. Presently, however, an occasional visitor appeared; then more and more; until, forty years later, the reception and entertainment of visitors was one of the major activities of the administrative and teaching staffs.

One of the early visitors was a white-haired gentleman who appeared, unannounced, at the Dean's Office in the spring of 1914. He stated to the Dean's secretary that he had been hearing a lot about the new School and that the only way to judge an institution was by its product. Consequently he would like to hire one of the bright young men in the class graduating that year. His name, he said, was George Eastman (the founder and at that time chairman of the Board of Directors of the Eastman Kodak Company).

The job opportunity was offered to one of the abler men in the class, one whose home was in a small town in Georgia and who had intended, upon graduation, to return to Georgia to work in the family hardware business. The young man accepted Mr. Eastman's offer and shortly became assistant to the president of the company. A few years later the young man organized a new statistical department for the company and eventually became treasurer, a position which he held until he resigned in 1953 to become Undersecretary of the United States Treasury Department. His name was Marion B. Folsom. In 1955 he was appointed a member of President Eisenhower's Cabinet, as Secretary of Health, Education and Welfare.

Mr. Eastman was the forerunner of many distinguished visitors to the School. Indeed, several volumes could be filled with interesting anecdotes about them.

Shortly after the Bureau of Business Research began to publish the results of its retail cost studies, more visitors began to appear: retailers, wholesalers, manufacturers, and others who for one reason or another wanted to know more about what was going on at the School. With Dean Donham's fund-raising campaign, and its attendant publicity, the influx further increased. And after the new buildings on Soldiers Field had been opened, with entertainment facilities at the Faculty Club, the number of those visiting

grew steadily. Every new venture or experiment undertaken attracted more.

Then, too, relatives and friends of potential students came to discuss the question of whether it would be worthwhile for the young men to spend two years at the School or, more commonly in later years, to solicit favorable consideration for them.

Many visitors wanted especially to see the Dean, and receiving them became one of the major tasks of the Dean's Office. Some of these, of course, could be referred to others, such as to the Director of Research or to a teacher. In addition, many other visitors called directly upon members of the Faculty. Unfortunately no comprehensive record was kept of visitors to the School, and only a couple of very fragmentary lists are available.

In his report for 1929-1930 Dean Donham, to indicate the growing interest abroad in American methods of business education, mentioned thirteen representatives of foreign educational institutions who had visited the School during that year. The list included three visitors from England, three from Germany, two from France, two from Japan, and one each from Holland, Norway, and the Free City of Danzig.

The second list is from my own files. In 1945 I resolved to try to keep a log of my visitors, exclusive of students, for reference purposes. I did not always remember to make entries; but even so, during the six years from January 1946 to December 1951, the log lists 498 visitors. A majority of these were businessmen. Some desired to learn more about the School and especially about its research work, others were seeking suggestions or references for their own problems, and some just dropped in for a chat. The list also included four college and university presidents, six university deans, eighteen government officials, several trade association representatives, an occasional lawyer, and some job hunters. There were various other types of callers including a few cranks who were seeking endorsement for schemes they had thought up.

While most of my visitors were Americans, the list did include 28 persons from foreign countries: England, Sweden, Germany, Denmark, Italy, Spain, South Africa, the Philippines, and China.



Since 1951 and especially since 1953, there has been a heavy increase in the number of visitors from foreign countries.

My visitors naturally constituted only a small fraction of the total number of persons visiting the School, on an almost incredible variety of errands. Undoubtedly many of my colleagues had at least as many visitors as I had, and of course many were taken care of entirely in the Dean's Office.

While our visitors have taken up time which we like to regard as valuable, the gain to the School has been great through leads to cases, to research projects, to student employment opportunities, and particularly through ideas generously given.

## CHAPTER VIII

# Research

Formal research was first undertaken at the Business School in 1911 with adoption of the new plan for a Harvard Bureau of Business Research. Since that time research has been regarded as an essential activity of the School, the base for the program of instruction both in providing the materials for instruction and in keeping teachers and students alive to the dynamics of the business scene. Further, it has been looked upon as a means for developing creative ideas and for advancing the practice of business administration not only through the School's internal work but through the assistance given to businessmen and other schools of business; the policy of the School always has been to make widely available the results of its studies. The research program has proved also to be an important factor in making friends and enlisting interest.

Under Dean Gay emphasis in research was on obtaining a continuing series of data from which statistical standards could be derived, especially in the field of marketing. Under Dean Donham emphasis was shifted to the collection of case material for teaching. And under Dean David, although statistical and case research were prominent features of the School's program, emphasis was on project research of a nonstatistical character, research aimed at developing and extending concepts in special areas of thought or activity.

*Harvard Bureau of Business Research*

## STATISTICAL RESEARCH, 1911-1920

The Bureau's initial research was a study of the operating costs of retail shoe stores.

Several years after he retired as Dean of the Business School Professor Gay gave the following explanation of the origin of the Bureau of Business Research:

One afternoon in April 1911 [he said] A. W. Shaw and I were walking across the Harvard Yard after class. The conversation turned to the importance of scientific research in the field of distribution.

"What is needed," I said, "is a quantitative measurement for the marketing side of distribution."

"Why don't you get it?" asked Mr. Shaw.

And thereupon the Bureau was launched. I remember that one point that was emphasized in the conversation was that such a bureau is an essential to a school that intends to be entirely a graduate school. It offers a real opportunity to gather, on a scientific basis, everyday facts about business. Why in the world we had the temerity to select shoes, no one knows. It was distinctly a case of "It can't be done, but here it is."

More elaborate explanations have been given as to why the retail shoe trade was selected for the initial study, but I believe that Dean Gay's statement succinctly gives the real facts. The whole field of distribution costs was virgin territory for study. A start could have been made almost anywhere, but instead of spending time in a canvass of where to begin, the retail shoe trade was picked more or less arbitrarily, and work began.

The administrative decision to attack a small area had broad significance not only for the development of research at the Harvard Business School but also for business research in general and for other types of research as well. Instead of starting out to study the whole field of distribution costs at one time or even to try to cover the entire retail field, the undertaking was narrowed down

to *one* trade. It did not matter greatly which trade was selected. The important thing was to limit the study sufficiently to be able to obtain some significant data within a reasonable time. That was the first application of a principle which has continued in general to be followed in the School's research activities, namely what later came to be called the "pedestrian" or "step-by-step" approach. It is a slow process and requires great patience, but the results are likely to be more lasting than those of an omnibus type of research.

It must be admitted that the decision to start in a small way was helped along by the fact that very little money was available. Nevertheless, such a small beginning might have been condemned as not worthwhile by other minds.

During the summer of 1911 two representatives of the School visited shoe retailers in Ohio and Wisconsin, where some interest in such a study had been manifested, to obtain data on their costs of operation. It was soon learned, however, that practically no two retailers kept their accounts in the same way and that many of them kept only very meager records. As was stated in the first bulletin published by the Bureau: "Some [of the shoe retailers] charged a salary for their own time and rent for their own stores, while others did not. Some meant one thing by selling expense and some meant another."

If meaningful figures were to be obtained, a standard classification of accounts had to be set up. Consequently, in the fall of 1911 a committee was organized to aid the Bureau in drawing up such a uniform accounting system. The committee included accountants of national reputation, shoe retailers, shoe wholesalers, and shoe manufacturers, as well as members of the School's Faculty.

In the fall of 1911 Dr. Selden O. Martin was appointed Director of the Bureau and during the next year he spent a substantial part of his time in the field seeking figures on shoe retailers' operating expenses adjusted to the uniform classification of accounts. He had some assistance from two or three field agents in the summer of 1912, and some reports were sent in by mail. The bulk of the first data, however, was obtained by the dogged efforts of Dr. Martin.

The first results of the retail shoe study were published by the Bureau in May 1913, as Bulletin No. 1. That tiny bulletin had a long title: *Object and History of the Bureau with Some Preliminary Figures on the Retailing of Shoes*. But the meat of the bulletin was summed up in one small table.

*Summary Table of Percentages*

<i>Item</i>	<i>Lowest percentage</i>	<i>Highest percentage</i>	<i>Percentage about which data centre (not an average)</i>	<i>Percentage about which a concentration is sufficient to indicate a realizable standard</i>
Gross profit (including discounts)	20	42	Low grade 23-25 High grade 30-33	
Total operating expense (not including freight and cartage and interest)	18	35	Low grade 23 High grade 27	Low grade 20 High grade 25
Buying Expense	0.8	1.8	1.1	1.0
Sales Force	5.0	10.3	8.0	7.0
Advertising	0.0	8.8	2.0	1.5
Deliveries	0.0	1.4	0.6	0.4
Rent	1.8	14.6	5.0	3.0
Interest	1.0	7.9	2.5	2.0
Stock-turns	1.0	3.6	1.8	2.5
Annual sales of average sales-person	\$5,000	\$16,500	\$10,000	

This table is in my opinion the most valuable single research item ever published by the Harvard Business School. It is true, of course, that the data appear puny in comparison with those of later studies. Nevertheless, that table was the first concrete evidence that the School could carry on research successfully. From that start the later research program evolved.

The chain of development, briefly, was this. Armed with the data

in that little table, five research agents went into the field in the summer of 1913 to obtain more figures on shoe retailing costs. The data in the bulletin were of such interest to shoe retailers and they constituted such definite evidence that the Bureau was getting results as to greatly facilitate the obtaining of figures from other firms. I make that statement with assurance, because I was one of the five field agents in 1913 and I know from experience that there was a vast difference between talking in terms of hopes and promises and being able to show something already achieved. The figures in that first bulletin also were given wide publicity in shoe trade papers and in other business publications, and that publicity was the opening wedge in arousing interest in the School among large numbers of businessmen.

In the spring of 1914 a similar study of operating expenses in the retail grocery trade was undertaken. I was given the task of getting the new study started, and in my interviews with retail grocers I always showed them the table of operating expenses in retail shoe stores. The shoe figures did not fit the grocery trade, of course, but the grocers were interested to see that such data could be obtained for any retail trade. They were impressed with evidence, slight though it might be, that the Bureau was a going concern. The method of presentation also demonstrated to them that they could rely upon the Bureau to handle in a fully confidential manner any data entrusted to it.

From the retail grocery trade the Bureau went on to studies of operating expenses in the wholesale grocery business and various other retail and wholesale trades, until ultimately the very comprehensive studies of operating expenses in department stores and variety chain stores were produced.

There is an analogy between this experience in business research and pioneer research in the physical sciences. The researcher has to be patient and content himself with crude results in his initial studies, but more comprehensive research usually cannot be undertaken successfully until after the first rough results have been obtained.

The studies of operating expenses published by the Bureau prior

to 1921, with their starting dates, were as follows: shoe retailers, 1911; retail grocers, 1914; wholesale shoe firms, 1915; wholesale grocers, 1916; retail general stores, 1917; retail hardware dealers, 1918; retail jewelers, 1919; department and specialty stores, 1920.

The choice of the retail grocery trade for the second field in which to study operating expenses was deliberate. The grocery trade represented another type of distribution, intensive distribution, in contrast to the selective type of distribution in the shoe business. This choice was made in accordance with the embryonic concepts of marketing which then were being developed in the School. Although it was not fully realized at the time, many of the retail grocers then in business were destined to be replaced shortly by chain store operators. Hence, data of considerable historical interest were obtained in that study.

Originally it had been intended to carry the studies of the costs of shoe distribution back through the wholesaling and manufacturing stages, but that plan never could be carried out. Some work was done on shoe wholesalers' costs, but shoe wholesalers, in 1915 and thereafter, were a dwindling race, as a result of the growing practice of direct sales by manufacturers and other changes in the industry. And the pressures for other studies, the advent of World War I, the later addition of case collection to the Bureau's work, and the ever-present shortage of research funds interfered with the consummation of the original plan.

The first wholesale study carried through was in the grocery trade. Soon after the publication of the results of the Bureau's first study of retail grocery operating expenses, representatives of the National Association of Wholesale Grocers, a large and influential organization, approached the Bureau with an urgent request that it undertake a study of operating expenses in that trade. A classification of accounts was worked out by the Bureau in cooperation with a committee of the Association and was published both by the Association and by the Bureau. The Association actively encouraged its members to cooperate in supplying figures for the study, and for the next ten years the Association and the Bureau had close research relationships.

The choices of the studies subsequently to be undertaken by the Bureau were determined by the interest manifested by the various trades and by developments in the instructional program.

Although some reports were received by mail, the bulk of the data for the studies of operating expenses before 1917 was obtained by field agents of the Bureau, chiefly members of the staff and students who were employed during their summer vacations. When World War I deprived the Bureau of man power for field work, a successful attempt was made to secure reports by mail. Thereafter, some field work was carried on as a preliminary for each new study, to perfect a standard classification of accounts adapted to conditions in the trade, but most of the reports were obtained by mail.

As the Bureau's work progressed techniques were developed for circularizing prospective cooperators, for checking the data submitted and obtaining supplementary information where needed, for tabulating and analyzing the statistics, and for interpreting the results. An organization gradually was built up to handle that work.

Each cooperator received from the Bureau a copy of his figures adjusted to the standard form, with the percentages worked out for each item of profit and expense. When the results of the study for his trade were published, he was sent a copy, so that he could compare his own figures with the common figures for the trade. Those comparisons aroused widespread interest and resulted in a considerable volume of correspondence. All the individual reports, of course, were treated confidentially.

Not long after the Bureau began to produce results various requests started to come in, from individual concerns or associations, for the Bureau to undertake studies for the private information of the sponsors. From the outset, however, the Bureau refused to do this. It insisted that it would publish the results of any study which it made so that they would be available to everyone who was interested. The Bureau also refused to enter into any arrangement which would have involved a commercialization of its work. In 1916, for example, a well-known grocery manufacturing company



wanted to buy 350,000 copies of the bulletin in which the first data on operating expenses in the retail grocery trade were published. It proposed to stamp its compliments on the copies and then distribute them to retail grocers. At the time the Bureau was very hard up financially, and it was a great temptation to grasp that opportunity. Nevertheless, the request was declined. The School has adhered steadfastly to that initial policy.

The magnitude which the Bureau's studies reached by 1920 is indicated by figures on the number of cooperators and the volume of sales represented in several of the trades concerned in that year. The data for the first study were obtained from 130 shoe retailers. In 1920, 397 shoe retailers, with an aggregate volume of sales of 76,489,000 dollars, participated. The number of firms cooperating in the wholesale grocery study reached 322, and their volume of sales amounted to 643,949,000 dollars; 182 retail jewelers, with aggregate sales of 13,780,000 dollars, sent in reports; and 522 department stores, with a total sales volume of 803,053,000 dollars, submitted data on their operating expenses.

It should be stated for the record, perhaps, that in 1916 Dr. Martin, who had put the Bureau on its feet, resigned from the Faculty to enter business, and I then was appointed Director, a position which I held until 1926.

I had no part in founding the Bureau or in its initial organization. Consequently, it is not improper for me to point out that the Bureau constituted the first instance of organized research in the field of business administration and at least one of the first in any field outside the physical sciences. Its studies of retail and wholesale operating expenses were the first studies of that type anywhere in the world. In fact, the Bureau was a pioneer in research in the whole basic field of marketing.

The work of the Bureau was undertaken primarily as an aid to instruction in the School. The results also proved to be of interest and value to the cooperating firms. Many of these were small business enterprises, and the School was fully cognizant of the potential significance of aiding that type of concern. This was long before "small business" had begun to receive political attention.

Perhaps it should be added that the School's studies of the problems of small retail and wholesale concerns did not dull the barbs of the academic critics and others who had been hostile to the foundation of the School; many of those critics, in the medieval tradition, still looked down upon marketing, and especially upon retailing, as mean activities.

The research carried on by the Bureau was in contrast to some of the concepts of the first sponsors of the School, yet they always gave it their support and encouragement. The Bureau, moreover, did aid substantially in the development of some of the basic courses in the School, particularly Marketing.

#### A FEW EARLY ANECDOTES AND RESEARCH EXPERIENCES

In the early years, life in the Bureau — housed in the little rooms and passageways of Lawrence Hall — consisted largely of episodes. A few samples and a few of the thousands of letters received by the Bureau may be of passing interest.

In the summer of 1912 Dr. Martin called upon the president of a large department store in New York for about the fourth time in an effort to obtain figures on the store's shoe department. Finally, the president turned to Dr. Martin and said: "Why, damn it, man, you're asking for the guts of this business." To which Dr. Martin replied: "That's exactly what I am asking for." Nevertheless, he did not get the figures. Some twenty years later it was revealed that the real reason why the president was not willing to give any figures to the Bureau was that he was ashamed to admit how meager and incomplete his figures were.

This illustrates a common experience of the Bureau: those businessmen who protested most vehemently against revealing any of the secrets of their businesses usually were the ones who had the least information in usable form and were unwilling to admit it. Later on, when they had better records — perhaps through use of the Bureau's classification of accounts — many of those men became active cooperators in the Bureau's studies.

In another instance, in 1914, the Bureau received a letter from a shoe retailer asking for advice as to how to handle a certain item

in his accounts. I have long since forgotten what the item was, but the letter appeared to be entirely innocent. Dr. Martin considered it carefully, and then wrote to the man explaining that the item could be handled in either of two ways but that one of those ways seemed to be simpler than the other. A couple of months later Professor William Morse Cole came to see Dr. Martin in considerable excitement. An article had just been published in one of the accounting journals charging the Business School with teaching heresy. It seems that the shoe retailer had had an argument with an accountant and had written to the Bureau about the matter, without mentioning the argument. Dr. Martin's reply was in accord with the retailer's views and he apparently had gloated somewhat over the accountant. The suggested treatment of the item, however, was contrary to certain tenets of accountants at the time, and the accountant thereupon wrote to the journal with his charge of heresy. Needless to say, after that experience the Bureau was careful to avoid advising its correspondents on what might be controversial accounting practices.

As the work of the Bureau gained wider and wider recognition, its representatives were often invited to speak at trade association meetings and other business gatherings. Insofar as possible, those invitations were accepted, since thereby further cooperation was fostered. When the Bureau was founded, it certainly was not foreseen that its work would involve any such experience, but personal appearances at business meetings proved to be a necessary part of that work.

At those meetings the Bureau's representatives would explain their method of carrying on research and present some of the specific findings. They also frequently mentioned some of the amusing incidents which had been encountered in the course of the fact finding. For example, there was a story about a country storekeeper who was asked what his cost of doing business was. His reply: "It don't cost me a damn cent to run my store. I own the building and my horse and wagon, and my boy and I do all the work."

Excerpts from letters received by the Bureau also often were cited at such meetings. Here are a few examples.

A retail grocer wrote:

I am glad to hear from you. I am disgusted and almost busted. I have been getting poorer and poorer for the last five years. Two years ago my profits were \$750 and last year I made only \$380. I have borrowed most of my life insurance policy and owe two notes and it is all gone, like sand down a rat hole, and I am as poor as ever. I can't see where it all goes. I never have taken an inventory. I keep a report of sales and purchases in one book. In another book I try to enter all expenses.

Then there was a retail jeweler who wrote:

It took me 20 years to find out that a man was a dam fool to try and run an exclusively jewelry business in a small town grinding his eyes and head out trying to explain to other dam fools why Ingersoll watches don't run, etc. Learning also that the rich man's dollar is not worth within from 10 to 20% as much as the poor man's to a merchant, as he not only expects more for it, but keeps one waiting forever for it. (In fact I have some outlawed millionaire a/c's on my books now, the accountees of which I hope to meet in Hell some day long enough to fill the seat of their pants full of asbestos shoe leather.)

The Bureau occasionally had a bad debt also, as indicated in this letter:

Replying to your letter of September 23rd regarding bill of \$1.00 standing against my account for copy of your Bulletin No. 42.

I hardly realized the time was flying by so quickly and had intended to write to you before now in explanation of my failure to make remittance promptly.

I am confined to the California State Prison where it is rather difficult to secure money at times. I have been expecting to have some money placed to my credit which has, so far, failed to appear. As soon as this is received I will make remittance covering the cost of the Bulletin which I have found both interesting and instructive.

Not all the letters received by the Bureau were friendly. For example:

The only figures that I am most interested in is the figures on the Balance Side of the Bank Statements, and since those figures

are most always so small that a one-armed man won't be required to have all his five fingers to count them on I think it is humiliating for figurers of your capacity to figure about, and a waste of time for me to hunt them up and arrange them to give to you.

However, I will tell you that much, that theoretically I am losing money every day — counting my salary, rent, interest on investment, etc., wear-and-tear on fixtures, dead stock (and dead business). But since I have no salaries demanded and no interest falls due, I am just getting by, working from 10 to 15 hours a day, and watching the travelling men, that they don't sell me more than I can pay for.

If these *few* statements are not clear enough for an Accountants' Bureau, it will perhaps be clear enough to some Historical Society.

And a retail jeweler addressed a letter to the Director of the Bureau personally:

In reply to enclosed letter. I wish to state that you sure are not minus plenty of nerve. What do you think we are — that we want to take the time to fill out such a questionnaire as you present and pray what for or who for?

If you are representing the government, it would be alright but otherwise you've got your nerve to send such a request to busy people and I want you now to cut it or I'll report you to the Post Office as a nuisance, for why should we be annoyed?

The letters just quoted were not typical of the Bureau's correspondence but they do indicate what one encounters when his research deals with the realities of life. The following letters are more typical.

One retailer stated:

I assure you that I am very much interested in this work and am willing to do more than my share to help it along.

Am sorry that I am not in a position to give you all the exact figures that you want but I am sure of one thing, and that is, that I can give you much more accurate figures now than I could the first year I sent them in. For this work has been a big help to me in keeping my books as well as in weeding out the unprofitable goods, or learning how to figure the cost and the profit so that I could tell what was paying and what was not. And the percentages of the items as they are given have shown me the weak spots and I am thankful to say that I have been able to remedy some of them.

Another retailer wrote:

For the fourth year I am sending you my returns for the year just passed for your compilation. I can assure you that I consider your return one of my guiding stars and would be dangerous to do business without it.

Finally, a wholesale grocer in Wisconsin made the following statement in his letter:

We are perhaps one of the oldest contributors to this work, and do not believe that we have at any time spent over one-half hour in making out the report. If proper accounts are kept, there is no doubt but what the time required to fill out these reports can be reduced to a minimum. Even though it had required several hours' time to fill out the report, we believe the time would have been well spent as we have so accustomed ourselves to study the figures compiled and given out by Harvard that we feel we can hardly do without them.

We also feel that this department of the University should be given all the encouragement possible. Not only is the information received valuable, but it has a great tendency to improve the accounting methods employed in the wholesale grocery business.

#### STATISTICAL RESEARCH, 1921-1955

In 1920-1921 a new era opened in the history of the Bureau of Business Research. An organization was set up within the Bureau to gather cases for instruction, and from 1920 to 1926 the Bureau administered the case research program.

The expense of case collection was so great that it was decided to carry on only such studies of operating expenses as could be specially financed. Although a special gift had been received from Mr. Shaw in 1911-1912 to enable the Bureau to get started, most of the cost of running the research organization from 1912 to 1920 was included in the general expenses of the School and thus had augmented the amount which the Dean had had to raise each year to avoid showing a deficit. I am sure Dean Gay had felt that investment of effort worth while. But when Dean Donham assumed the burden of obtaining funds not only for case collection but for

many other activities, it seemed necessary to change the policy of financing the research on operating expenses.

Studies of operating expenses begun in the period after 1920 were: wholesale druggists, begun in 1922; automobile equipment wholesalers, 1923; automobile tire and accessory retailers, 1923; Southern dry goods wholesalers, 1923; private schools, 1925; paint and varnish wholesalers, 1925; building material dealers, 1926; plumbing and heating supply wholesalers, 1927; wallpaper wholesalers, 1927; retail stationers, 1928; retail grocery chains, 1929; retail shoe chains, 1929; retail drug chains, 1929; department store chains, 1929; limited-price variety chains, 1930; and food chains, 1956.

Financing did become available to continue the studies of operating expenses in department and specialty stores, and that series became one of the most notable put out by the Bureau.

Department stores before 1920 had generally held aloof from the Bureau's research work, partly because of a dearth of comparable data and partly because of a feeling, at least in some instances, of self-sufficiency. During the year 1920-1921, however, a marked change in attitude took place, and a committee from the Controller's Congress, an organization of department store controllers, requested the Bureau to cooperate in completion of a uniform classification of accounts for department stores and to undertake the compilation of department-store operating figures.

This change of attitude was occasioned by several factors. In the years immediately preceding 1920 department stores had been developing their organizations along new and more effective lines; many of the controllers in 1920 were particularly able men. The enactment of the Federal Income Tax Law and the subsequent rise in tax rates during World War I had made it necessary for the stores to keep better and more comprehensive expense accounts. Rising expenses, resulting from wartime inflation, and attacks on retailers from various quarters for alleged profiteering also had sharpened the interest of store executives in costs and profits. Then, too, the Bureau's work had been gaining stature with businessmen. And not least among the influences bringing about the change in

attitude were the visits which Mr. Donald K. David and Mr. Malcolm P. McNair had been making to department stores in a search for case material for a new course then being set up in Retail Store Management.

After 1920 the studies of operating expenses in department stores and large specialty stores were carried on continuously. The cooperation of those firms was excellent. In the study for 1954, for example, reports were received by the Bureau from 368 department stores with aggregate sales of 4,446,000,000 dollars and from 93 specialty stores with aggregate sales of 292,000,000 dollars. The published report for that year was sixty pages in length, large format, and over one half of the space was used for statistical tables. Quite a contrast to the first, pioneer study of the retail shoe trade!

The value attached to the department and specialty stores studies by the operators of the stores is attested by their faithfulness in submitting their reports annually to the Bureau. From the School's standpoint, the studies have provided a great fund of information to be used in teaching, and the contacts with store executives also have facilitated the gathering of cases. The annual reports keep the information up to date, and their continuity permits significant analyses of the effects of changing business conditions and provides valuable data for historical research.

The studies of department store and specialty store operating expenses have been under the general supervision of Professor McNair practically from the beginning. The cost of carrying on that research has been met by an annual contribution from the National Retail Dry Goods Association.

In 1930 a similar series of studies of operating expenses of limited price variety chain store companies was started. The cost of that research has been met by annual contributions from the Limited Price Variety Stores Association; these studies also have been under the general supervision of Professor McNair. For 1954, reports were received by the Bureau from 50 chains operating 6410 stores with aggregate sales of 2,420,840,000 dollars.

The annual variety chain store studies constituted another rich



fund of current and historical information. In this industry, as in the department store business, the Bureau achieved the goal which Dean Gay had in mind in 1911 when he remarked: "What we need is a quantitative measurement for the marketing side of distribution."

Still another study made by the Bureau was concerned with grocery manufacturers' marketing costs, financed by contributions from a group of such manufacturers. Although the data were not so useful as the figures on retailing and wholesaling costs, they did bring out significant facts regarding differences in marketing policies.

#### OTHER BUREAU ACTIVITIES

Finally, a brief statement will be made concerning several other tasks undertaken by the Bureau aside from its operating expense studies and its pioneering work in setting up and administering the case collection program. All were expected either to provide teaching material or to furnish background information for instruction in the School. At the same time it was anticipated that the results would be useful to teachers in other business schools and to men already engaged in business administration.

During the two years before he was appointed Dean of the Business School, while he was receiver for the street railway company, Mr. Donham had become greatly interested in labor relations. It seemed to him then that many labor disputes developed because of verbal misunderstandings. Consequently he proposed that the Bureau prepare a bulletin stating the meaning which members of labor unions attached to words and phrases used by them in dealing with employers. A member of the Bureau's staff was assigned to the job and a retired labor union official was hired, on a part-time basis, to help in formulating the definitions.

The results of that research were published in 1921 in a bulletin which listed over 200 labor terms, with definitions. The Bureau received courteous replies to all the inquiries which it addressed to labor union officials and no criticism was received from any quarter. This bulletin, however, aroused little attention. Neither union

officials nor employers had manifested any desire to have such a study prepared, and they took slight interest in the results. Perhaps if we had arranged for a series of conferences before the work actually got under way, greater interest might have been awakened. I suspect, however, that arguments over terminology are an almost inescapable aspect of labor negotiations.

A venture of quite a different sort was a survey of the distribution of textiles which was undertaken in 1925 and which was financed by a contribution from the Pacific Mills. In that survey statistical data were obtained from a large number of mills and selling agents on the volume of their sales to various types of users and distributors. The bulletin in which the results of the study were published was widely used in the textile industry for reference purposes.

Other nonoperating-expense projects undertaken by the Bureau included a study of the cordage industry by Professor Howard T. Lewis, a study of cotton mill hedging by Mr. Kenneth S. Boardman, and a study of the interstate transmission of power by Professor Deane W. Malott.

As the Bureau further built up its organization, with a staff of statisticians and tabulating machine operators, it came to function as a statistical service department for the administrative and teaching staffs of the School, and for various research projects which were statistical in character, such as the study of Industrial Research and Development Spending inaugurated in 1951. The Bureau also served as a publication medium for certain studies prepared by members of the Faculty. Since July 1951 the direct administration of the statistical organization has been in the competent hands of the Bureau's Executive Secretary, Mrs. Rose Kneznek.

### *Evolution of the Research Organization*

We have already witnessed the founding and growth of the original research organization at the Harvard Business School, the Bureau of Business Research. As the research program at the School

developed, various changes came about in the over-all organization for the administration of research activities.

In 1920 Dean Donham asked the Bureau to undertake the collection of cases, and from 1920 to 1926 the Bureau administered this work.

In 1926 the direction of case gathering was taken out of the Bureau and delegated to members of the Faculty, each member to be responsible for case collection for his own course. This step was taken to satisfy the considerable number of Faculty members who wanted to assume full responsibility for the gathering of cases for use in their courses.

The decentralization of case gathering, however, did not eliminate the necessity for some central supervision of that work. Expenses had to be budgeted and controlled. Priorities had to be determined in deciding to which courses the limited funds available were to be allocated. The hiring of research assistants and arrangements for the termination of their appointments could not be left entirely to individual members of the Faculty. To avoid embarrassing relations with business firms from which cases were to be sought, a dependable central file of case research contacts and visits had to be maintained and utilized; a business man would be annoyed if he received a visit one day, for example, from a research assistant looking for a marketing case, and a visit a few days later from another research assistant looking for something else. Travel arrangements for the research men had to be subject to some control. Stenographic assistance had to be provided. Arrangements had to be made for the distribution of cases to instructors in some other institutions. Inquiries of various sorts had to be answered. And finally, there was the ever moot question as to whether any central supervision should be exercised over the presentation and editing of the cases.

In 1930 the administrative arrangement which had been crystallizing during the preceding three years was formally recognized, and Professor Biddle, the Associate Dean of the School, was appointed Director of the Division of Research. As the Dean expressed it in his annual report for 1929-1930, the task of the Director of

Research was "to coordinate research activities, supervise expenditures, and allocate the funds to the various fields. Each Professor," the Dean added, "will supervise the work in his own field and be responsible for the results obtained from his appropriation." The Bureau of Research at this time remained an independent unit.

In 1934 — when Professor Biddle took a year's leave of absence — Professor McNair was appointed Director of Research. In 1937 the job was handed over to Professor Lewis; and three years later, in 1940, to Professor Ruggles, who served two years in that position.

In accordance with the concept of decentralization, adopted in 1926, the Division of Research was a rather loose organization during the 1930's. The Directors of the Division were carrying practically full teaching or other administrative loads in addition to their task of research administration, and their duties as Directors of Research were not always clearly defined.

In 1942 — when Mr. David became Dean — war had disrupted the research program. Nevertheless, Dean David at once started planning for a research program to be put into effect when circumstances permitted. Under this program all the research activities of the School, including those of the Bureau, eventually were to be brought into the Division of Research for budgetary and general administrative purposes. Assistants employed for case gathering or for other research purposes were to be assigned to work with members of the Faculty as before, but would have somewhat closer administration observation. At this time I became Director of the Division of Research. When I accepted the position, I realized that it meant I was to end my term at the School in administrative work rather than in my preferred occupation of teaching. But my scheduled retirement was only a few years away.

Upon my retirement, in 1953, Professor Bertrand Fox was appointed Director of Research. At the same time case research was set up under a separate administrative unit, the Division of Case Development, of which Mr. Andrew R. Towl was made Director. In general all research activities except case collection were now under the Division of Research.

*Case Research*

## INTRODUCTORY

Case research has been the foundation of the School's program of instruction. It will be recalled that Dean Gay had strongly favored the "problem" method of instruction and that in those early years legal cases had been used in the Course on Commercial Contracts, and also that visiting businessmen-lecturers had been asked to present to the students for their consideration specific problems which the lecturers had encountered in their own work. Other case-type material had been picked up here and there and used from time to time in the classroom.

The big push for putting instruction fully on the case basis, however, came in the first years of Dean Donham's administration, and this involved, of course, the collection of cases. Each case was to center around some issue, or issues, which had actually come up for decision in a business firm. To get such material meant going into the field to obtain facts and figures from businessmen.

"Armchair" cases might, of course, have been used. It may be recalled that the first casebook, in marketing, was built up in part from secondary material obtained from various sources and set up in problem form to illustrate the points in the outline for the course. This armchair approach had been a matter of sheer necessity, because of the pressures of time. The goal, however, had been and was to obtain as rapidly as possible "field" cases upon which to base instruction.

The decision to obtain cases from the field was a momentous one. It was momentous not only in terms of effort and expense but also from the point of view of the thinking of the School. The many contacts with businessmen which the decision necessitated and the stream of factual material which it brought to the School kept thinking and instruction on a realistic level and alert to change.

## GATHERING CASES IN THE FIELD

When Dean Donham arranged, in December 1920, to have cases collected by the Bureau of Business Research the subject which he

designated for the first effort was labor relations in the field of industrial management. That was a subject in which the Dean was deeply interested, and it also was a subject of great concern to many business executives at that turbulent period.

The first step taken by the Director of the Bureau was to ask the senior Professor of Industrial Management for a list of suggested issues on which cases should be sought, together with additional suggestions as to the type of information to be looked for. Such suggestions later were termed "specifications." But in that first instance none were forthcoming. To the Director's request, the professor replied that Biddle and Lennihan, who were the first field research assistants for gathering cases, were bright young men and that they undoubtedly could find the problems and write the cases without any suggestions from him. The fact of the matter was, of course, that this professor was not sympathetic to the case method of instruction, although he did not openly oppose it. Under those circumstances, the research men had to feel their way along as best they could.

Mr. Biddle at that time was a recent graduate of the School, and Mr. Richard Lennihan was then Assistant Director of Research. Mr. Lennihan had served on the staff of the Conservation Division of the War Industries Board during World War I, and he had shown marked initiative and resourcefulness. Both men were willing to suspend temporarily the research work on which they then were engaged to tackle the experiment of seeking cases in the field. The work was started immediately, the first organized attempt at field collection of business cases.

While Mr. Biddle and Mr. Lennihan were sufficiently successful in obtaining cases in the early months of 1921 to demonstrate the feasibility of the undertaking, they could not devote their full time to the work. In fact, it was not long before Mr. Donham drafted Mr. Biddle to assist him in the Dean's Office, and Mr. Lennihan's time presently became fully occupied with administrative work in the Bureau. Two men, furthermore, could not begin to cover the ground necessary for putting instruction in the School on the case basis quickly. Consequently twelve men were hired to work for the

The First Case Collected by the Bureau of  
Business Research — Clinton P. Biddle, Field Agent

*Harvard Business School*

*CONFIDENTIAL: For Private Distribution Only*

*January 2, 1921*

THE GENERAL SHOE COMPANY

In a plant of the General Shoe Company it has come to the attention of the chief executive that many of the piece workers throughout the plant are in the habit of discontinuing their work three-quarters of an hour before closing time, both at noon and at night. This seriously interferes with production since the processes are continuous and the production of each department depends on a steady flow of material from the preceding department. The condition has become acute at the present time, April 1919, because the company has more orders than it can fill. Commodity prices are beginning to advance again and there is general unrest among working men because of the cost of living which has increased 95% since 1914.

Wages have not been correspondingly increased, being only 90% higher than in 1914. The earnings of the piece workers are being held up to standard with difficulty. The average earnings of the employees for last month, March 1919, were \$18-\$20 per week.

The rule of the shop is that all piece workers are to remain at work until 10 minutes before quitting time. A whistle is blown at this time and the employees are allowed to leave their work to wash up. The foremen report difficulty in enforcing this rule. It is observed by about 30% of the employees who do not wash up before going out. Others take 45 minutes or less from their working time. They argue that unless they are in the washrooms they have to wait their turns and are unable to leave the shop promptly at 12 o'clock or at 5 o'clock. Frequently attempts on the part of the foremen to enforce the rule have caused temporary improvement but eventually there is a relapse to the old way.

There are 700 employees in the shop, of whom 650 are piece workers. 60% of the employees are men and 40% are women. The washrooms are small rooms containing troughs with a few faucets at intervals. This makes it necessary for the employees to wash in running water. The clothing of the employees is not kept in the washrooms but is hung on nails near the machines of the operators. The plant is five stories high and has machines in every available space. Room cannot be made in the building as it stands for a new washroom because it would involve a rearrangement of all the machinery and change in routing, the cost of which would be prohibitive. The cost of building additional floor space, however, is about \$4 per square foot.

What factors should be developed in the investigation on the part of the management? What are the general policies in accordance with which these conditions should be remedied?

Bureau on case collection in the summer of 1921. Some of those men had just graduated from the School. Three were still students.

While considerable progress was made during the summer of 1921, it became apparent that the task in hand could not be performed adequately by summer employment. The men could not even be fully broken-in before summer was over. It was becoming clear that case collection would have to be entrusted to more thoroughly trained men employed on that work the year round.

In the spring of 1922 the Bureau hired about a dozen men from the graduating class. Each of the men was expected to remain with the Bureau for at least a year. At the approximate end of that period, some of the men left to take business jobs. Others stayed on for a year or more in research work. A few eventually became members of the Faculty. Except during the war years, substantially this same pattern continued to be followed in hiring men for gathering cases.

The experience of searching for case material and of writing it up in a form suitable for classroom purposes, together with the opportunity to interview business executives on their administrative problems, provided valuable training for those young men. They discovered, furthermore, that the task of obtaining significant cases and writing them up was vastly more difficult than it had appeared to them to be while they were students.

When case collection got under way the instructors for the most part cooperated in preparing specifications as tentative guides for the research assistants. These specifications were only starting points. When a research assistant called on a prospective source for a case, he often found that the situation differed in some respects from what he had been asked to look for. Not infrequently, moreover, he found that there was a good case to be had which was not covered by any of his specifications. He proceeded in such instances to obtain the data for whatever case was available. In other words, the specifications were only hypotheses on which to work. Even if they had to be partially or wholly discarded in some instances, they nevertheless served a highly useful purpose by giving the research man a starting point and by sharpening his inquiries.



The specifications were intended to be derived from the master outline of the course in which the cases were to be used. In upwards of thirty years as an instructor and for a considerable part of that period as a research administrator, I do not recall a single instance in which a satisfactory job of case collection was carried through unless the instructor had spent a lot of time planning a tentative outline of his course and a tentative set of specifications. The fact that some of the best cases ultimately obtained were not on the original outline did not in any way invalidate the outline's usefulness. In fact, if it had not been for the outline, those cases often would have been missed.

The discovery of cases not on an outline, furthermore, sometimes resulted in highly important improvements in a teacher's concept of his subject by acquainting him with problems or aspects of problems not previously brought to light. In other words, when case collection was properly utilized, it became a method of research for the development of a subject as well as a means of obtaining teaching material to illustrate situations already recognized.

In approaching a businessman for a case, the research assistant soon learned that it was not wise to start in by asking him: "Do you have any cases or problems today?" If he was indifferent or busy, he was likely to say "No," and that in effect ended the interview. If the prospect said "Yes," more often than not he would start talking about some broad, hazy question in which he assumed the "academic johnnies" would be interested.

We soon found that the research man got much further when he told the businessman that he wanted to learn something about his experience and then proceeded to ask appropriate questions derived in general from the specifications. It was found that large numbers of businessmen were willing, even pleased, to share their experiences.

The identities of the companies from which cases were obtained always were disguised unless the executives concerned were entirely willing to have them revealed. The disguise was achieved by changing the company name, by sometimes changing the location, and by modifying any statistics used while still preserving essential

ratios. The case was still true to life and the disguise did not impair its usefulness for class discussion. In fact, I found that the disguised cases usually were better than the undisguised for classroom use; they concentrated attention on the issues involved inasmuch as they barred the students from bringing in extraneous facts. The use of the disguise also made it possible to obtain many cases which otherwise would not have been available.

Very soon the practice was adopted of sending a copy of each case to the person from whom it had been obtained, so that he could check on the accuracy of the statements and also decide whether the disguise was adequate. He was asked to signify to the Bureau in writing that the School had his permission to use the case; occasionally when a businessman saw it in black-and-white he became timorous. If we could not satisfy him that the disguise was adequate or could be made adequate, and he was unwilling to have the case used, it was not used.

Occasionally some of the students, especially in later years, have tried to break a disguise, usually without success. It was a sort of game with them, since they had nothing to gain. In one instance, shortly after the end of World War II, one of the students in the Business Policy course did ferret out the source of one of our best cases. To people in his home town he later commented on some of the source-firm's executives as they were described in the case. His gossip finally came to the attention of the president of a bank which was involved in the case and caused the banker considerable perturbation. He telephoned Dean David and reported the happening. Of course, the case immediately was withdrawn from use. The only harm this episode caused was to deprive future classes of an opportunity to discuss a particularly good case.

Each research man during the Bureau's administration of case gathering ordinarily was assigned to work, for a long or short period of time, on one course, in cooperation with the instructor but under the general supervision of the Bureau. The degree to which the Bureau participated in guiding a research man depended largely on how far the instructor was prepared to go in furnishing specifications; in suggesting potential sources for cases; in scheduling field

trips; in providing guidance on the techniques of interviewing; in discussing the raw material brought back from the field by the research man in order to figure out the most promising form in which to set up the cases; and in counseling the research man on revising and editing his cases. In many instances the Bureau was practically forced to take on much of the supervision of the research men. The instructors were very busy with their teaching and at the outset they also were having to learn the art of case research as well as the art of using cases in the classroom. The Bureau in those early years provided a means for pooling experiences in case gathering.

To facilitate supervision of the research men, several of those who stayed on for a second or third year were appointed supervisors, or "section bosses" as they were called informally. A section boss usually had charge of four men and he worked closely with them and with the instructors.

Many of the early cases inevitably were rather crude. The pressure to turn them out quickly was heavy. The Dean constantly was prodding the Faculty to use more cases and the Bureau to produce more. With all that pressure in a new undertaking, some friction and occasional criticisms inevitably developed. If a particular case, for example, did not go well in the classroom, an instructor sometimes threw the blame, rightly or wrongly, on the case writer. For the most part, however, the relations between the teaching staff and the research staff were friendly and cooperative.

The work of collecting cases in the early 1920's was essentially experimental. Some of the experiments were reasonably successful. Others were, at best, only partially successful. In his report for 1921-1922, for example, Dean Donham referred to an experimental arrangement which had been made in 1922 for the collection of cases at the General Electric Company's plant in Schenectady, New York, at the company's expense. He expressed high hopes that that experiment would be the forerunner of similar arrangements with other large companies. Although he did not mention it in his report, the Dean, himself, had worked out the arrangements with the company and had informed the Bureau

about them only when instructions were given to the Director of the Bureau to arrange to send four men to Schenectady for a year.

The arrangement with General Electric was advantageous in that it permitted the research men to become more familiar with the background of the cases than ordinarily was possible. It also permitted them to have several interviews, if needed, with each person from whom they were obtaining information. On the other hand, there were some handicaps involved. Even when research men were working out of School headquarters and could confer frequently with members of the Faculty and the Bureau, the production of cases was a difficult task. But when they were working pretty much by themselves a couple of hundred miles away, effective communication became far more difficult. In one instance, moreover, covert hostility and ridicule were encountered from a member of the Faculty for whose course Schenectady might have provided a most fertile opportunity for gathering cases. Complications also arose in the disguising of the cases and in some other operating details. But the distance factor was the greatest handicap.

Thus, while the gathering of cases was under the general supervision of the Bureau, various experiments were tried and numerous problems had to be surmounted. However — despite the difficulties encountered, the occasional friction that arose, and the shortcomings of the Bureau administration — within three or four years after December 1920 enough usable cases were obtained to effect a revolution in the methods of instruction in the School and to lay the groundwork for future case development.

From 1926, when the work of collecting cases was decentralized, through the 1930's, only meager funds were available for case or other types of research, except where special contributions were obtained for financing particular projects. The new fields of instruction, such as the relations between government and business and agricultural industries, received priorities in the allocation of funds for case gathering, and the Business Policy course also was enabled to carry on the collection of cases more or less continuously. But the Directors of Research did not have sufficient funds avail-

able for allocation to satisfy all the requests which came to them from members of the Faculty.

Then, shortly, came the World War II period with a virtual cessation of case collection.

When civilian instruction was resumed in the School, in 1946, a staff of research assistants was recruited as expeditiously as possible for gathering new cases. Many of the old cases were still usable, but they needed to be supplemented by new material. Changes in plans for instruction, new conditions and new problems in business administration, and new teaching ideas and concepts all called for new cases. As in the prewar years, the research assistants were assigned to work with individual members of the Faculty under the administrative direction of the Division of Research.

In the postwar period about fifteen to eighteen men usually were employed each year as research assistants on case work. Some of these served on the staff of the School for only one or two years and then went out into business positions. Others stayed on, to become instructors and members of the Faculty. As in earlier years, the research group constituted an especially fertile source from which to recruit prospective teachers.

Inasmuch as the School was spending seventy-five thousand to one hundred thousand dollars a year on post-war case research, the Dean and the Director of Research were concerned as to whether those expenditures were being made effectively. Because of the inherently exploratory nature of most research work, it usually is difficult to evaluate the performance of persons employed in it. Nevertheless, until a research man has become a demonstrated genius, some budgetary control is essential. The decentralized supervision of the research assistants at the School rendered the evaluation of performance particularly complex. Nevertheless, records were studied and analyzed and such other observations as seemed feasible were made.

After the administrative staff had carried on its studies and analyses for some months, the problem of securing improved performance in case research was brought up for discussion in the

Faculty Committee on Research Policy. During one of the discussions of the problem in 1950-1951, a member of the Committee suggested that a Faculty task force be organized to give preliminary training to a small group of new research assistants during the coming summer. Several members of the Faculty, to whom new research assistants were to be assigned, were willing to serve and the task force was set up.

The experiment met with sufficient success in the summer of 1951 to warrant its continuation in the following summers. In his report for 1953-1954, the Dean commented as follows on that experiment: "The initial training and supervision of new men in case research is of great importance not only for the quality of our teaching material, but also for the proper introduction of these men to the Harvard Faculty community. Although each professor is responsible for his own research assistant, we began developing in the summer of 1951 a central task force for training new men in case research. Six research assistants, at the option of the professors to whom they were assigned, engaged in this program during the summer of 1953. Two members of the senior Faculty devoted their full time to the coaching of these men, and to preparation of the resulting cases for use in the course on Written Analysis of Cases."

#### GROWING USE OF CASES BY SCHOOLS AND BUSINESS

After cases formally came into use in the Harvard Business School, in the early 1920's, the interest of teachers in other institutions in their use continually widened, gaining impetus after World War II. Many of the School's cases were used elsewhere, even being translated into several foreign languages, and some other universities also began to collect cases in business management. In his report for 1952-1953 Dean David remarked that more and more cases prepared by the School were being used also by business concerns in training programs.

The widening interest in the use of business cases was further reflected in inquiries from other universities as to the possibility of their sending professors to the Harvard Business School to study

the problems of writing and of teaching cases. With the aid of a grant from the Ford Foundation for that purpose, eighteen professors from other institutions spent the summer of 1955 at Soldiers Field participating in a case-writing and case-utilization experiment.

The ramifications of case research and the growing magnitude of the problems of case distribution explain why in 1953 the case work was separated from the Division of Research and set up an as independent administrative unit.

The Summer Case Writing Program was continued after 1955. Also, as of January 1, 1957, the position of Director of Case Distribution was created, with Assistant Dean Harvey P. Bishop as the first Director. Through the aid of a Ford Foundation grant to the American Association of Collegiate Schools of Business, to be administered by the Director of Case Distribution at the Harvard Business School, a clearinghouse for the publication and distribution of business cases was established and an intercollegiate bibliography of new cases in business administration was made available. One hundred and twenty individuals from thirty-two different schools contributed to the first edition of the case bibliography.

#### OBSERVATIONS ON CASES

An effective case, generally, has been one in which an "issue," or definite question for administrative decision, has been specifically indicated — or one in which such a question could be discovered by diagnosis. In the introductory courses, specific-issue cases commonly have been used. The diagnostic type can be utilized effectively, at least in my own experience, only after the students have accumulated a substantial background of experience in dealing with simpler cases.

Many of the earlier cases were quite brief. As the collection proceeded, the cases tended to become longer, a tendency which now appears to me to have gone much too far, at least in some first-year courses. As I look back over my own experience in first-year teaching, I can see that the most effective cases were those dealing with

ordinary, everyday administrative problems stated without much elaboration in two or three printed pages.

In later years "technical notes" were appended to some cases, to provide background information needed for intelligent discussion of a case or group of cases. As I now see it, if I had an opportunity to do things over again I would undertake to prepare a "technical manual" for each of the first-year courses with which I had experience. Such a "technical manual" would be strictly factual in content. It would not present statements regarding the relative advantages and disadvantages of various competing institutions and alternative practices. It would not be in any sense a textbook and it would not in itself be utilized for classroom quizzes or examinations. It merely would bring together in one convenient reference book technical explanations now incorporated in some cases or appended to cases in the form of "technical notes." The editor of a casebook could make such footnote references to the manual as he saw fit. This would simplify case writing and provide greater flexibility in the use of cases. The history of case writing seems to point to such a development.

## *Project Research*

### INTRODUCTORY

As we have seen, in addition to case research and the continuing operating-expense studies (which I am excluding, because of their special character, from the "project" classification), various other research studies had been carried on at the School prior to Dean David's administration. It was in that administration, however, that it was decided to step up the pace of project research and to seek funds to support a regular project research program. And it was in that administration, although not until near its close, that the School, for the first time in its history, did obtain the resources to permit it freely to lay long-range plans for basic research.

In 1953-1954 the University received a grant, on behalf of the Business School, of two million dollars from the Ford Foundation. The primary purpose of the grant was to strengthen advanced



training for teachers of business administration and the School's program for basic business research. The grant included provision for the endowment of two professorships at the School, one to be held by the Director of Research and the other to be held, for varying periods of appointment, by men who were distinguished scholars in the field of social science. Samuel Andrew Stouffer, Director of the Harvard University Laboratory of Social Relations, was the first outside scholar to hold this honor. He spent the academic year 1955-1956 at the School in research and teaching. The remainder of the Foundation grant was to be used over a five-year period at the discretion of the School. Thus the School at last had adequate unrestricted funds to permit the Faculty to undertake pioneer research without dependence on special financing, and to develop a balanced research program, broad in scope.

The cost of research at the School never had been charged into the instruction budget. In other words, the income from tuition and other income for instructional purposes never was used to defray the cost of research. From 1942 until the Ford grant in 1953-1954, the chief sources of funds for project research were government contracts (temporarily), gifts for special purposes, and unrestricted gifts. Among the gifts for special purposes were a grant from the Merrill Foundation for tax research; contributions to the Aviation Research Fund, from which allocations were made from time to time for particular projects in that area; a grant from the Mutual Savings Bank Association of Massachusetts for the study of Mutual Saving Banks in the Savings and Mortgage Markets; and a grant from the Boston Herald-Traveler Corporation for the study of national advertising in newspapers. For many years the major source of unrestricted funds for project research was the contributions of The Associates of the Harvard Business School.

At the School, project research, like the cost studies and case research, consisted predominantly of field studies. In the early years of the School there was so little material pertinent to business administration available in libraries that if any research was to be carried on it had to be field research. Having to do field work made the job much tougher but, it has seemed to many members of the

Faculty, much more worthwhile. Once members of the Faculty had had a real taste of field research, most of them showed little relish for any other sort.

Field research by the Faculty, however, was expensive in terms of both time and money. In numerous instances it also was found that the results could be multiplied advantageously by furnishing a professor with a research assistant to aid him in gathering his data. Experience also demonstrated that, in most instances, research was a full-time job. Field trips seldom could be sandwiched in effectively between class meetings. Moreover, when a professor tried to concentrate on both research and teaching at the same time, one or the other usually suffered. The best results ordinarily were attained when a man was relieved of his teaching load while he was carrying on research. When he was relieved of that load, someone else usually had to take it on; it would not have been fitting to have research curtail instruction, even temporarily. When a substitute was provided for teaching, as ordinarily was the case, the salary of a professor on research could not properly be charged to the instruction budget; it had to be included in the research budget.

#### PROJECT RESEARCH PRIOR TO 1942

*The Mayo Researches in Human Relations.* One of the most important areas of research, and one which had its origin in the pre-David era, was in the field of human relations. The continuance of this research was made possible by a large contribution from the Laura Spellman Rockefeller Foundation to finance studies in industrial psychology (human relations).

In 1926 Dr. Elton Mayo had joined the Business School Faculty, at the invitation of Dean Donham, to undertake clinical research on problems of human behavior and human relations in industry. Early in the following year, Dr. Mayo and a few associates from the Faculty of the School began to work with officers of the Western Electric Company in a study of working conditions which that company was conducting at its Hawthorne plant in Chicago. From that study stemmed ultimately a large research program at the School, several major developments in the School's instructional

program, a new Harvard College course in Human Relations, new courses of instruction in several other colleges and universities, a considerable literature on the subject of human relations in industry, and, by no means least, for a growing number of business executives a new vision of the human problems of administration.

From 1924 to 1926 the Western Electric Company, in collaboration with the National Research Council, had been carrying on controlled experiments to ascertain, if possible, the effects of changes in illumination upon the worker and his work. From the standpoint of this objective the experiments were a failure. A marked diminution in illumination, for example, had no appreciable effect on output. As Mayo later put it: "Somehow or other that complex of mutually dependent factors, the human organism, shifted its equilibrium and unintentionally defeated the purpose of the experiment."<sup>1</sup>

Undismayed by the negative results of the illumination experiment, the officers of the Western Electric Company launched another experiment, in April 1927, aimed at testing the effects of fatigue and monotony upon workers' productivity. It was at that point that Dr. Mayo and his associates joined the undertaking.

For this experiment six workers employed in assembling telephone relays were segregated in an experimental room, separated from the main assembly department by a wooden partition. Provision was made for recording changes in temperature, humidity, and other physical conditions which conceivably might affect productivity. When the workers had become accustomed to working in the experimental room, a series of experiments were undertaken to ascertain, if possible, the effects on productivity of changes in methods of wage payment, in duration of rest pauses, in the serving of refreshments, and in modifications in the hours of work. Both the researchers and the workers themselves were surprised to discover that as each successive change was made the rate of productivity continually increased. Then, after eighteen months of

<sup>1</sup> Elton Mayo, *The Human Problems of an Industrial Civilization* (Boston, Division of Research, Harvard Business School, 1946), p. 56.

experimental changes, the original conditions were restored, and again the rate of productivity increased.

At that point the researchers began to perceive that the social attitudes of the workers might be the controlling factors in the experimental situations, and a broad new field of inquiry was opened up. The research group decided to inaugurate a program of worker interviews as a means for uncovering motivation, and for this purpose they developed special techniques of interviewing.

When Dr. Mayo and his group joined in the Hawthorne experiments, it had been expected that the work would be completed in a few months. Actually, the experiments were continued for over five years and were terminated in 1932 only because of the vicissitudes of the business depression.

These details have been cited to show just how the start was made on a research project which presently was to have so many ramifying effects on the School's work. From it came new evidence that desire for economic gain is not the only important factor motivating workers and that human relations often outweigh material conditions in problems of administration.

The results of the experiments were made widely available. Several papers and books dealing with various aspects of the experiments, written by officers of the company and by members of Dr. Mayo's group, were published. Then, in 1939, Professor Fritz J. Roethlisberger, of the Business School Faculty, and Mr. William J. Dickson, Chief of the Employee Relations Research Department of the Western Electric Company, wrote *Management and the Worker*, in which a complete account of the experiments was given.<sup>2</sup>

In 1936 Dr. Mayo started a course at the School in Human Problems of Administration, providing a direct tie-in between the research work and the program of instruction. Indirectly, various other courses also soon were affected by the findings of that research, and the stage was set for a much broader development of research and instruction in the field of human relations in later periods of the School's history.

<sup>2</sup> Cambridge, Harvard University Press, 1930.

Dr. Mayo and several other members of the School Faculty also participated closely in a joint program of physiological research. In 1926-1927, the organization of a special research group was authorized by the Harvard Corporation to study Individual Industrial Efficiency. Dr. Lawrence Henderson, the eminent biological chemist of the Faculty of Arts and Sciences, was chairman of the group, the other original members being Dean David Linn Edsall of the Harvard Medical School and Professor Mayo of the Business School. A laboratory for this joint enterprise was set up in the basement of Morgan Hall at the Business School. It came to be known presently as the Fatigue Laboratory, because of the studies made of physiological factors in fatigue. Fascinating and valuable research was carried on there until the general reorganization which followed resumption of civilian instruction after World War II. In November 1947 it was voted to transfer the Fatigue Laboratory project to the School of Public Health.

*Business History Studies.* Another pre-World War II research area was in the field of business history. Between 1926 and 1942 about a dozen comprehensive studies in business history were carried through and published under the supervision of Professor N. S. B. Gras, who was indefatigable in raising funds for that purpose.

*Economics of Advertising.* In 1937 a gift was received from the Advertising Research Foundation which made it possible for Professor Neil H. Borden to undertake an especially comprehensive study on the economic effects of advertising. An advisory committee of the Faculty was appointed by the Director of Research to consult with Professor Borden on the formulation of plans for that study. The results were published in 1942.

*Other Projects.* Funds also were received from firms in the textile industry for a study of the merchandising of cotton textiles, which was conducted by Professor Edmund P. Learned and myself. In addition, several other research studies for which no special

funds were available were made by members of the Faculty in time eked out from full teaching schedules.

#### PROJECT RESEARCH—1942–1945

*Military and Postwar Adjustment Studies.* The major part of the research work carried on at the School during 1942–1945 was concerned with military and postwar adjustment problems.

One of the first projects dealt with financial problems of the aircraft manufacturing industry, and the results of that study were utilized immediately by companies in the industry and by Congress to make provision for safeguarding the financial solvency of the aircraft manufacturers. Then came a study for the Army Air Forces on *Disposal of Surplus Aircraft and Major Components Thereof*. With only minor modifications, the recommendations of that report were adopted and put into effect by the appropriate government agencies.

In the spring of 1944, shortly after the research report on surplus aircraft disposal had been completed, the School received an informal inquiry as to whether it would undertake a somewhat similar study of the problems of disposal of surplus ships and shipyards. Those of us responsible for research administration considered the suggestion carefully and concluded that it would not be advisable for the School to undertake the project. We were desperately short of man power, of course, and we had no one on our staff who was at all acquainted with the shipbuilding or ship-operating industries. We also were aware that in the ship-operating business there were controversies and antagonisms which might complicate the task of obtaining dependable information. On the eve of Dean David's departure for Washington on a trip during which, we foresaw, the proposal for the study might be made more formally, we acquainted the Dean with our conclusions and advised against any commitment. When the Dean returned a couple of days later, however, he informed us that he had been persuaded to take on the job, or rather to have the Division of Research take it on. The Dean was such a friendly and optimistic person that he frequently found it difficult to say "No."

The commitment was accepted by the Division of Research without further argument, and we went to work. A task force was organized and the report was completed on schedule fifteen months later. That report was utilized extensively by the Surplus Property Administration in drafting its recommendations to Congress in 1946 for the disposal of government-owned shipbuilding facilities.

#### OBJECTIVES AND POLICIES FOR POSTWAR RESEARCH

Although the war delayed the putting into operation of Dean David's program for setting up a large-scale, sustained program of project research, the Dean went ahead with his planning.

In the autumn of 1942 an Advisory Committee on Research, composed of fourteen members of the Faculty, was appointed to assist the Director of Research in the development of objectives and policies for the research program. The report of the committee, issued shortly thereafter, was to a considerable extent a restatement of policies and procedures which already had been established in practice but to which it seemed desirable to have the Faculty give formal approval.

Briefly, the report as approved by the Faculty provided: (1) that a project was to be undertaken only when it appeared that the results would be of use to the School for teaching purposes, of interest to business generally, or a fulfillment of the School's professional obligation to the public; (2) that funds for a research project were to be accepted only with an explicit understanding that the School had complete and final jurisdiction over publication; and (3) that the individuals who carried on a particular project were to take full responsibility for the opinions expressed and the conclusions reached.

These policies applied, of course, only to research sponsored by the School and financed out of School funds, including those funds contributed for special projects. The policies were not necessarily to apply to research undertaken by individual members of the Faculty on their own responsibility without the aid of School resources.

It also was understood that members of the Faculty who undertook research financed by School funds were to assume fully as

much responsibility with respect to such undertakings as they assumed with respect to their teaching assignments.

The formalized statement of policies and procedures served a very useful purpose. It clarified, both to members of the Faculty and to outside parties with proposals for research, the conditions under which research projects could be considered. The first provision served to eliminate projects of narrow scope and projects proposed solely for private interests. It provided a safeguard against the use of the University's name and resources for the exclusive benefit of any private party.

The provision for control of publication by the School assured the preservation of academic and scientific independence. A sponsor of a research project was free, of course, to offer comments, suggestions, and criticisms, but he had no power of censorship. And the provision whereby the author of the report on any research project was to be responsible for the opinions expressed and conclusions reached not only assured the author of intellectual independence, but also avoided the usually impossible task of securing agreement among the members of the Faculty on any specific set of conclusions. Group responsibility for research findings usually necessitates compromises that often result in conclusions colorless and lacking in punch.

In the case of research projects undertaken for the United States Government during World War II, the School did waive its policy regarding its control over publication. It did adhere, however, to a position that any research report or memorandum submitted to a governmental agency should be suitable for publication. As a matter of fact, all the research reports prepared by the School under government contracts during World War II eventually were published.

#### POSTWAR PROJECT RESEARCH

During the G.I. period following the war, the demands on the Faculty for teaching were so heavy that the research program expanded rather slowly. Nevertheless, some new work was undertaken each year; in May 1948, the Director of Research was able to



report to the Dean that about one third of the Faculty would be engaged in project research during the ensuing year, in most instances on a full-time basis. That arrangement was in accordance with long-range plans which the Faculty had adopted in 1947 for the scope of research activity at the School.

The outbreak of the Korean War and the consequent transfer of some members of the Faculty and research staff to the Mobilization Analysis Center, a temporary unit set up outside the Division of Research to take on government contracts for research projects, caused a cutback of research activities in 1951 and 1952, but that was only a temporary break. After 1948, except for that interlude, about twenty to twenty-five research projects were under way each year.

While, for a variety of reasons, some of the projects which were started never came to fruition, 59 research monographs were published between 1943 and 1955, and the results of several other studies appeared in articles in the *Harvard Business Review*. The finished projects ranged from a study of record-keeping in small business enterprises to an analysis of integration in the oil industry, from studies of foreman training to studies of the functions of corporate boards of directors, from a project on small private air-field business to a multiple project on the effects of Federal taxes on business.

Proposals for research projects came in some instances from members of the Faculty and in other instances from businessmen or trade groups. Usually, in the postwar period, there were enough sound proposals to allow any member of the Faculty who wished to work on research to do so, provided he could be freed from teaching for a long enough time. After 1953-1954, when the Ford grant was received, the problem of releasing teachers for research was of course greatly eased. When a businessman or a trade group proposed an acceptable project and was prepared to finance it, the problem then arose of ascertaining whether any member of the Faculty was interested in undertaking it; no pressure was put upon the Faculty to work on any project. As a matter of fact, numerous projects were proposed, with potential financing, which could not

be manned and which therefore had to be passed by. The School could not afford to take the risk of substantially expanding its Faculty and research staff for temporary projects, inasmuch as there was no certainty that new projects would come along fast enough to support the expanded work force. While the problems of financing the School's research program in the years following World War II were by no means light, a shortage of manpower was the major bottleneck in research development.

In considering projects to undertake, the School made an effort to select forward-looking ones. It was not uncommon to have a businessman or a trade group urge the School to undertake research on some problem which already was causing serious vexation. It often appeared to the research staff that, when the proposal was made, the situation had developed beyond the point where an adequate job could be done in time for useful action to follow. Many businessmen had little comprehension of the time required to carry through a reasonably thorough and effective piece of research. Rather than to undertake rush jobs, it was the policy of the School to try to formulate projects on incipient problems.

In selecting projects, moreover, the School attempted to adhere to the "pedestrian" or "step-by-step" approach. In other words, the aim was to keep each project to a manageable scope. The School tried to avoid the ever-present temptation to launch projects so grandiose as to be unlikely to yield concrete, worthwhile results within a reasonable time.

Some controversial projects were selected for study. It was felt that if the School were to meet its responsibility to business and to the community generally it should not hesitate to have members of its Faculty and staff examine facts, reach conclusions, and make recommendations on controversial matters while action, either by business managements or by public authorities, was still possible. In undertaking projects which involved controversy, however, the following limitations were observed: (1) studies of controversies between particular companies were not undertaken and (2) no controversial project was entered upon unless it was possible to examine the issues from all the important points of view involved

and unless time enough could be allowed to permit a broad and thorough survey and analysis. With controversial subjects, rush jobs were especially to be avoided.

In the case of large, multiple projects, advisory committees of businessmen and other especially qualified outsiders were set up to aid the research staff in planning and carrying on its work. Thus there was an advisory committee on the School's aviation research program, another advisory committee of six members on the tax research program, and a third, comprised of twenty-one members, for the program of research involving the relationships of business and agriculture, which was undertaken with the support of a grant from the Whitehall Foundation.

#### PUBLICATION

Most of the books and pamphlets resulting from the School's research projects were published by the Division of Research instead of by commercial publishers. It was found from experience that the Division could handle publication at a substantial saving in time and cost and with greater flexibility. For the final editing of the manuscripts and for making the arrangements for publication, the Division of Research had the services of its exceptionally competent Secretary, Miss Ruth Norton.

The Division of Research sold its publications chiefly by mail, and it succeeded in building up a highly satisfactory list of patrons. From 1944 to 1948, for example, nearly 85,000 copies of its publications were distributed, that number including, of course, a certain quantity of free copies to cooperators, members of The Associates of the Harvard Business School, and other friends of the School. In 1948-1949, 27,000 copies were distributed; in 1949-1950, 23,000; and in the 5 years from 1950-1951 through 1954-1955, the average annual distribution was almost 33,000 copies.

The receipts from the sale of publications, however, did not begin to cover the cost of research. Indeed, in some instances the receipts from the sale of a particular volume did not even cover the printer's bill. Hence the Division of Research was not in any sense a profit-making enterprise. The receipts from the sale of publications, over

and above certain direct costs, were credited to a Publication Fund, which could be used to finance the reprinting of volumes which experienced good sales and for certain other purposes.

One of the uses to which the Fund was put was the publication of selected doctoral theses, which in many cases were not likely to have wide enough markets to make them attractive to commercial publishers but nevertheless were deemed, from a scholarly point of view, to be well worth publishing. Authors of doctoral theses were under no obligation to have their theses published by the Division of Research. Publication, rather, was a service available to them and one of which, almost without exception, they gladly availed themselves.

### *Observations on Organized Research*

The Harvard Business School was a pioneer in conducting organized research. Instead of leaving research activities entirely to the initiative of individual members of the Faculty, the School early began to provide certain School facilities for research, and the account given in the preceding pages indicates how those facilities expanded. Individual members of the Faculty always have been free to carry on, outside the organization, such research as they see fit and for which they can find time. But organized research has featured largely in the history of the School, and for a long time was a unique feature of its operations.

Organized research was developed at the School partly from necessity and partly because of certain advantages inherent in such a plan. The early studies of retail operating expenses had to be conducted on an institutional basis — that is, by a research organization. It is inconceivable that many of the firms which cooperated in those studies would have been as ready to provide confidential information for a piece of research carried on in the name of an individual professor as they were to supply it to the School, with the School's assurance of anonymous, confidential treatment. The research organization, moreover, carried over from one study to the next its growing reputation and it avoided dependence on the

name and reputation of individuals. Good will, furthermore, was built for the institution as well as for the individuals manning the projects.

When Dean Donham decided to experiment with having cases for teaching purposes collected at first hand from business, he turned to the Bureau of Business Research, and the Bureau's reputation among businessmen for integrity in handling confidential information discreetly was a real asset in the early stages of that experiment. The Bureau also had an organization which could recruit and train research assistants and supervise their field work. And the Bureau provided a means whereby experience in case gathering and case writing could be pooled during those early experimental years. I believe that it is fair to conclude that the revolution in the teaching methods in the School in the early 1920's could not have been effected with anything like the same celerity if there had been no research organization available to head up the experiment.

Even after the case research was decentralized some provisions eventually were found necessary for budgetary allocations of funds, for administrative supervision over the recruiting and indoctrination of the research personnel, and for the handling of many other administrative problems pertaining to case research.

As project research began, the organization was adapted to facilitate that sort of undertaking. In most instances a project was carried on by an individual or small group of individual members of the Faculty or research staff. Nevertheless, there were certain administrative functions connected with those projects which the Dean found it convenient to delegate to the research organization.

Before a contribution was accepted or an allocation made from unrestricted funds, for example, a member of the Faculty or research staff had to be found to head up a project, and with his help the project had to be definitely formulated, a timetable worked out, and a tentative budget prepared. The Division of Research was expected to have those preliminaries taken care of before recommending acceptance of a contribution or approval of an allocation. The Division of Research also was expected to keep track, for the

Dean's administrative information, of the progress being made on each project. And when a project was completed, the Division of Research made arrangements for the publication of the results.

While a project was under way the sponsor sometimes raised questions which required a restatement or clarification of the School's policies. In one instance, for example, a luncheon meeting was arranged with the directors of a sponsoring association to acquaint them with the progress that was being made, to hear any comments they had to offer, and to encourage further cooperation. The meeting was going along smoothly until one of the directors expressed strong doubts as to whether the results should be made available to anyone but members of the association. The Director of Research, who was present at the luncheon, then rose to speak for the School. He restated the policy of the School regarding the publication of results of its research; he reminded the directors that that condition had been specifically agreed to before the project was undertaken; and he stated emphatically that the project would be dropped then and there if publication were to be restricted. After some further discussion the objection to publication was withdrawn and the project went ahead to a successful conclusion.

That instance is cited because it shows how the organization could stand as a buffer between a sponsor and the man who was carrying on the research. It was a means of assuring a man full independence within the terms originally agreed upon. He did not have to argue his case. That was a task for the administrative officers of the research organization.

The fact that the School had well-established policies of research and an organization for implementing those policies — as shown by results achieved — made it possible for the School to obtain substantial funds for research which otherwise would not have become available. Those funds were what made it possible to free members of the Faculty to engage in research periodically on a full-time basis, with allowances for travel, secretarial assistance, use of the Bureau's statistical organization, and such other conveniences as the circumstances of the particular project called for.

The organization, with its accumulated experience in planning

and developing projects, also made it feasible for junior members of the Faculty to undertake projects of their own, and some of the best studies were made by those young men. Funds could be obtained on the reputation of the School and allocated to men in whose research ability the Dean and the Division of Research had confidence. To me the opportunities which the Division of Research opened to competent, eager young men and the manner in which most of them utilized those opportunities were among my most gratifying experiences at the School. The program which opened those opportunities to young men as well as to older members of the Faculty contributed significantly to the intellectual life of the School.

## CHAPTER IX

# The Case Method of Instruction

Many references have been made in the preceding chapters to the case method of instruction as it has functioned in the School. That method and its embryonic predecessor have played such a prominent part in the School's development, however, that in this chapter the method's history is recapitulated, its essential characteristics are summarized, and some classroom procedures are reviewed.

This chapter is rather strongly tinged, I apprehend, with my personal views. For upwards of forty years I was on the firing line in a development which was ever controversial and at times fraught with explosive professorial feelings. Hence it has been difficult for me to subordinate my personal experiences to a fully objective recording of events. The seriousness of that limitation has been lessened somewhat by the fact that the views of several of my former colleagues on various aspects of the case method of instruction were recently published in a volume edited by Professor McNair and Anita C. Hersum.<sup>1</sup>

### *Recapitulation of the History of the Case Method*

In the early months of 1954, during the course of several conferences in Europe on the subject of business education, I was

<sup>1</sup> Malcolm P. McNair and Anita C. Hersum, editors, *The Case Method at the Harvard Business School* (New York, McGraw-Hill Book Company, Inc., 1954). (Hereafter referred to as McNair.) See also George H. Hanford, "About the Formative Years," in *Harvard Business School Bulletin*, Winter 1954, pp. 219-224; and Kenneth R. Andrews, *The Case Method of Teaching Human Relations and Administration* (Cambridge, Harvard University Press, 1953).



asked such questions as these: "How many cases did the Harvard Business School have on hand when it opened?" "How much time was spent in gathering cases before the School opened its doors to students?" Similar questions have been asked on many other occasions.

The fact is that the Harvard Business School had no cases on hand when it opened or for several years thereafter. All that existed in 1908 so far as the case method was concerned was an idea: in the first catalogue of the School, published in the summer of 1908, Dean Gay wrote that instruction in the School would be given, insofar as practicable, by classroom discussion of problems in business administration.

To make that statement a description of what came to be known at the School as the case method, we have only to add that the "problems" were to be ones *faced for administrative decision by actual business executives* and presented with factual detail sufficient to allow the students to put themselves in the position of those executives and *to develop their own decisions*.

The lack of full implementation during the years 1908 to 1918 of the objective as stated by Dean Gay was not the result of lukewarm interest on his part. Rather it resulted from the precarious standing of the whole Business School experiment, the meagerness of financial resources, the slow task of building confidence in the School among businessmen, the uncertainty as to what to teach, the lack of teachers experienced in the use of classroom discussion, and, of course, the heavy work load everyone was carrying.

In 1911-1912 Mr. A. W. Shaw started the course in Business Policy, one feature of which for the next fifteen years was the presentation to the class of problems from the desks of the business executives who appeared as outside lecturers. Those verbal presentations were the first "cases" used at the School.

Each lecturer in the course described some problem of his to the students, who then wrote reports on that problem. At least some of the situations presented in the Business Policy course were "cases" in the later sense. The procedure, however, did not represent the complete case method, inasmuch as there was little or no

developmental discussion back and forth among the students in the classroom.

In 1912 Dean Gay made the move whereby one section of the course in Commercial Organization (later renamed Marketing) came to be conducted entirely on a discussion basis.<sup>2</sup> The situations discussed in the early days were ones presented, for the most part, in rather general terms in books and articles assigned to the students to read, or derived from such sources. Those situations were not cases, in the later sense, but there was continuous discussion. Progress was being made.

In several other courses in the School problems also were used either for classroom discussion or for written reports, or for both. Mr. John F. Moors, for example, used the problem method effectively in his course in Investments in the early years of the School. Mr. Moors described some of his experiences as follows:

I gave some members of my classes considerable concern by asking them to write theses on subjects on which I had given no instruction. For example, I would say early in the course, "Will you tell me what, if any, securities of the Atchison, Topeka and Santa Fe Railway are good investments for a trustee in Massachusetts?" Many a young fellow would then come to the desk and say he knew nothing about the Atchison, Topeka and Santa Fe Railway. I would reply, "I know it, and I grant that I am trying to teach you to swim by throwing you overboard." The answers to my questions were as a rule not very good. I would then discuss the various Atchison securities in class, and for my next subject would ask the same question with regard to the Union Pacific Railroad, which in those days had many points in common with the Atchison, I tried similar tactics with certain big industrial companies until it seemed to me the young men enjoyed trying to find out what they could without being given beforehand the answers.<sup>3</sup>

Mr. Moors had a far better understanding of the problem or case method than many other men who served on the Faculty of the School even in later years. In the foregoing example, Mr.

<sup>2</sup> See Chapter II, pp. 46-47.

<sup>3</sup> "Reminiscences of John F. Moors," in *Bulletin, Harvard Business School Alumni Association*, May 1933, p. 104.

Moors, in effect, asked his students: "What course of action would you recommend for a trustee in Massachusetts with reference to investing in the specified securities?" And such a question represents one of the key features of the case method of instruction, the call for a specific course of action to be taken or recommended.

Dean Gay himself had a clear perception of the importance of asking the students to reach decisions on specific courses of action. I recall a suggestion which he made to me in the spring of 1913 in connection with a set of examination questions I was preparing. He urged me to phrase the questions, where possible, as calling for a decision by some business executive. I did not fully appreciate the significance of that suggestion at the time, but it did influence substantially the form that the first casebook took seven years later.

When Mr. Donham became Dean, one of his first decisions was to push the utilization of the case method of instruction far more vigorously than it had been pushed before. As has been related, in his first week in office he requested me to get out a casebook in marketing at once. I prepared that book, without assistance or advice, between November 1919 and May 1920, while teaching Marketing and Business Policy and serving as Director of the Bureau of Business Research. I repeat this statement not out of what I would regard as pardonable pride in a youthful achievement but because I am ever proselyting for the case method and wish to stress, to whatever teachers may read this chapter, that it is not necessary to have a large budget or a numerous staff to get started in the presentation of cases. Insight into the method and perseverance are the important qualifications.

Referring to the developments which followed the publication of the marketing casebook, Dean Donham in his annual report for 1922 stated that the "book gave us the necessary basis for further developments in techniques and suggested the application of research as an aid in gathering cases upon which the case work of the last two years has developed."

Three months after the casebook went into use in the Marketing course, Dean Donham had proposed that the collection of cases be undertaken by the Bureau of Business Research, and the crusade

was on. In his report for 1920-1921 Dean Donham summarized the first year's results as follows:

Satisfactory progress was made during the academic year under review and during the summer just past (1921) in the creation of adequate teaching material for the case system. I referred last year to the first case book produced by the staff, Copeland's *Marketing Problems*, published in time to be used during the year. Several other case books have since been prepared by the staff. Schaub and Issaacs' *The Law in Business Problems*, Lincoln's *Problems in Business Finance*, Dewing's pamphlet of *Problems* to accompany his *Financial Policy of Corporations*, and Tosdal's *Problems in Sales Management* have already been published; David's *Retail Store Management Problems* is expected from the press within a few weeks and will be used by classes this year. In addition to these completed case books a substantial part of the material has been collected for case books in Factory Management, Labor Relations, and Banking, while beginnings have been made in other directions. The first-year courses are now better equipped with problems than the advanced courses.

Particular mention should be made of the fact that practically all the material for these case books is both original in conception and novel in the technique of its presentation. Much of it was tried out in classroom in the form of mimeograph sheets. The extent of this experimental work is perhaps best illustrated by the number of mimeographed sheets of problems prepared by the School during the year. Ninety-four thousand nine hundred and fifty-four (94,954) sheets were prepared for distribution between November 1, 1920, and July 1, 1921. Inevitably in a rapid development of this nature many interesting questions of techniques, method, and substance arise. These naturally group themselves around the gathering of this new type of material, its presentation in form for classroom use, and the actual use of the material for teaching.

The year confirms my judgment that the greatest progress in obtaining case material will be made by a judicious combination of the efforts of the instructor and the research facilities and organization of the Bureau of Business Research. The collection of actual executive problems with the attendant facts needed for teaching purposes is primarily a research task and should be organized as such.

As the foregoing statement indicates, the revolution of instruc-

tion in the School which was started in 1919-1920 went on at rapid pace. By the end of 1923-1924 some cases were used in nearly every course, and in his annual report for that year the Dean was able to announce that over two thirds of the instruction in the School was by the case method.

The terms "case method" and "problem method" both have been used in the preceding paragraphs, and a word of explanation probably is needed. The type of instruction used in the Business School started out as the "problem method." When Mr. Donham became Dean he used the term "case method," and in 1921 he requested the Faculty to vote that to be the official term. Personally, I was not in favor of the change, but the Dean's request was essentially a vote of confidence and of course it was carried by a large majority.

In a footnote to an article published in March 1922, Dean Donham stated: "I use the word 'case' rather than 'problem' because the latter fails to connote the actuality and the realistic detail which must surround the specific situation if it is to start with the flavor of life. The case always includes one or more problems."<sup>4</sup> The Dean's explanation still is not a convincing one for me, but the argument is long since dead and the "problem method" for over thirty years has been officially the "case method." The change did serve, of course, to differentiate Dean Donham's campaign from the program which had preceded him. It should be added, perhaps, that despite the change in the official name of the method, the casebooks have continued for the most part to have titles of problem books, such as *Problems in Finance*, *Problems in Business Economics*, *Problems in Industrial Accounting*, and so on.

After the initial drive, the use of the case method continued to gain ground in the School, with the result that by the mid-1930's it was the heavily predominant method of instruction.

The School's casebooks also went into use promptly in other colleges and universities. In June 1922 the publishers reported that those books had been adopted as basal texts in 85 institutions. Of that number, 52 had adopted Copeland's *Marketing Problems*,

<sup>4</sup> Wallace B. Donham, "Business Teaching by the Case System," in *American Economic Review*, vol. XII, no. 1 (March 1922), p. 57.

32 Lincoln's *Problems in Business Finance*, 19 Tosdal's *Problems in Sales Management*, and 19 David's *Retail Store Management Problems*. The number of adoptions obviously varied with the length of time that the several books had been out.

The foregoing recapitulation passes over numerous details in the history of the development of the case method at the Harvard Business School, but it seems to suffice for the present purposes. Before leaving this summary, however, a reference probably should be made to an allied experiment.

Dean Donham and some of the rest of us at the School were of the opinion that the case method was inherently applicable to instruction in subjects other than business administration and that it could be utilized effectively, if the teachers really believed in it, in undergraduate as well as in graduate courses. In the fall of 1924, Dean Donham discussed the matter informally with Professor William B. Munro of the Harvard Department of Government in the Faculty of Arts and Sciences and also with the publisher of the business casebooks. He then asked me, as Director of the Bureau of Business Research, to follow up the matter.

On November 28, 1924, I sent a memorandum to Dean Donham which read in part as follows:

I had a conference with Professor Munro today, regarding the collection of cases on municipal government.

It appears likely that only a few of the cases we have on Investment Banking or Public Utilities will fit Professor Munro's needs, and the bulk of the cases he wants must be secured specially for his purposes. He expects to need from 100 to 125 cases.

I explained the Bureau's practice regarding specifications, and we discussed the possibility of collecting some cases by mail as well as by field agents. Eventually, we may make an experiment on that.

It seemed advisable, for several reasons, for us to undertake the work experimentally at first. Professor Munro is to give us a dozen or fifteen specifications, and after they have been put in working form we will send one of our field agents into the field to collect the cases. . . .

Professor Munro prefers to have us use one of the regular Bureau agents on this work rather than to try to get someone from the Government Department. He expressed this preference

strongly, in reply to my suggestion that we try to get a graduate student in Government. His reason was that experience in the technique of presenting cases is more important than familiarity with the subject. We shall plan to go ahead just as soon as Professor Munro gives the specifications to us, providing the funds are available.

About a month later Professor Munro informed me that a hitch had occurred in the proposed plans. The company which had published two or three books written by him on municipal affairs was inhospitable to the idea that he should have any connection with a casebook on municipal government. Professor Munro went on to state that he was of the opinion that such a book ought to be prepared and that it would be of very great value. He then suggested that perhaps arrangements could be made to have his colleague, Professor A. C. Hanford, go ahead with the project.

Professor Hanford, who then was giving the course on Municipal Government in Harvard College, was agreeable to such an arrangement and the experiment was carried through. About a year later — on December 9, 1925 — I was able to report to Dean Donham that 94 cases on Municipal Government had been completed or were well along toward completion and about 20 more were to be collected. It was also stated in that memorandum that Professor Hanford was very much pleased with the cases.

The casebook on Municipal Government was published, and it was used successfully in Harvard College. For several reasons, however, the experiment ultimately languished. Professor Hanford was appointed Dean of Harvard College in 1927, and his administrative duties curtailed his teaching activities. Professor Munro resigned from the Harvard Faculty in 1929 to teach in California. The Business School moved across the river to Soldiers Field and consequently was less closely in contact with its friends in Harvard Yard. Dean Donham's illness and his preoccupation with Business School problems diverted his attention from the experiment. In 1926, furthermore, the work of collecting cases was taken out of the Bureau of Business Research and left to the responsibility of individual members of the Faculty. Hence, without anyone in particular to

push the experiment further in an academic climate that was at best lukewarm, it lost its momentum.

That experiment has been described at some length because it has certain broad significance for the case method of instruction. It demonstrated that the case method could be utilized effectively for instruction in another field besides business administration (and law) and that it could be used in an undergraduate course. It also demonstrated that such an experiment, if it is to have lasting success, must have sustained and aggressive leadership over a considerable period of years.

### *The Essence of the Case Method*

Dean Donham's advocacy of the case method was based upon a deep and philosophical conviction as to the merits of that type of instruction. As a result of my teaching experience for a dozen years prior to 1920, I firmly held the same conviction, and numerous other members of the Business School Faculty during the next thirty-five years became equally devoted supporters of this method.

In 1931 a series of articles on the case method of instruction, written by members of the Business School Faculty, was published under the editorship of Professor Fraser.<sup>5</sup> The first of those articles, written by Professor Dewing, was called "An Introduction to the Use of Cases."<sup>6</sup> Professor Dewing pointed out that "there appear to be two, and only two, essentially different theories of education." One of those theories aims at imparting to the student a knowledge of accumulated experience. As Professor Dewing expressed it: "Education in business, according to this theory, should consist of a recapitulation of the results of business experience arranged, catalogued, systematized, and then presented without the lumber of discarded precedents. The business student would have thrown before him, with kaleidoscopic rapidity, the final and definite results

<sup>5</sup> Cecil E. Fraser, editor, *The Case Method of Instruction* (New York, McGraw-Hill Book Company, Inc., 1931).

<sup>6</sup> Reprinted in McNair, pp. 1-3.



of what long experience has taught to be, on the whole, the best and most expedient methods of business conduct."

The other method of education aims, said Professor Dewing, not at imparting knowledge, but at enabling the student to think realistically about the problems on which action must be taken. "It asks not how a man may be trained to know, but how a man may be trained to act." The case method of instruction is based on this second theory, and "if the fullest opportunities of case instruction are realized, the whole method becomes nothing but the practical application of the theory that the power of thinking and not the acquisition of facts is the ultimate of our educational ideals."

Professor Dewing said further: "There should not be a single problem in use which is not capable of at least two intelligent solutions, and it would be surprising if any group of experienced businessmen could offer an unequivocal solution with unanimous accord to any one of them. They do, however, have this outstanding value. They are analogues of exactly the kind of problem that is confronting the businessman at the present time."

Professor Lowell had much the same sort of distinction in mind when, in his letter to Professor Taussig in January 1907, he differentiated between teaching law and teaching jurisprudence, and between teaching political economy and teaching business administration. After he became President of the University, Mr. Lowell remarked frequently in business School Faculty meetings that "the only real education is self-education."

In 1940, Professor Gragg published an article in which he forcefully set forth his concept of the case method of instruction. It is not possible to do full justice to Professor Gragg's presentation without reproducing it in full. A few paragraphs, however, will serve to convey, I believe, some of his key points. Professor Gragg, for example, said:

It would be easy to accept the unanalyzed assumption that by passing on, by lectures and readings, to young men of intelligence the accumulated experience and wisdom of those who have made business their study, the desired results could be achieved. Surely, if more or less carefully selected young men were to begin their

business careers with the advantage of having been provided with information and general principles which it has taken others a lifetime to acquire and develop, they might be expected to have a decided head start over their less informed contemporaries.

This assumption, however, rests on another, decidedly questionable one: namely, the assumption that it is possible by a simple process of telling to pass on knowledge in a useful form. This is the great delusion of the ages. If the learning process is to be effective, something dynamic must take place in the learner. The truth of this statement becomes more and more apparent as the learner approaches the inevitable time when he must go into action. . . .

The case plan of instruction may be described as democratic in distinction to the telling method, which is in effect dictatorial or patriarchal. With the case method, all members of the academic group, teacher *and* students, are in possession of the same basic materials in the light of which analyses are to be made and decisions arrived at. Each, therefore, has an identical opportunity to make a contribution to the body of principles governing business practice and policy. Business is not, at least not yet, an exact science. There is no single, demonstrably right answer to a business problem. For the student or businessman it cannot be a matter of peeking in the back of a book to see if he has arrived at the right solution. In every business situation, there is always a reasonable possibility that the best answer has not yet been found — even by teachers.<sup>7</sup>

In a letter, prompted by his reading the first draft of the manuscript for this volume, Professor Bertrand Fox made additional pertinent points regarding the case method of instruction:

With so many practical business problems the final decisions are reached only after discussion among smaller or larger groups. I have felt that each class is in essence a practical experience in group behavior and in the benefits of group discussions in arriving at business decisions. As a part of this process, but in part distinct from it, each class provides an experience in learning to listen to the views of one's peers and in learning how to express one's self and perhaps to persuade others to one's point of view. The method provides an opportunity to gain confidence in one's own judgment,

<sup>7</sup> Charles I. Gragg, "Because Wisdom Can't Be Told," in *Harvard Alumni Bulletin*, October 19, 1940. Reprinted in McNair, pp. 6-14.

but also a degree of humility as well. It also provides a most invaluable opportunity to learn how far one can go by rigorous logical analysis of one or another dimension of the problem and the extent to which judgment comes into play when many factors which have no common denominator must be weighed.

Those statements, it seems to me, present the essence of the case method of instruction, and I deem them to be of historical significance.

When the case method first got into full swing in the Business School and the students were thrown overboard in most of their courses, the newcomers each year found themselves floundering around for several weeks or even months until they became accustomed to a new method of instruction. Many of the students, in their undergraduate courses, had taken notes on lectures and assigned readings, which they could memorize to feed back to the instructors on quizzes and examinations. When they reached the Business School, they found that there was little premium on memory; they had to learn to think for themselves, to analyze the facts, weigh conflicting considerations, and reach judgments which they were prepared to defend. As a result many of the students experienced temporary frustration. But that was an essential part of the learning process. So many now have gone through the experience, and survived, that it has not been so disconcerting to the neophytes in recent years as it was in the 1920's and 1930's.

I still recall clearly a first-year student who came into my office one day — that was around 1928 — and told me, almost with tears in his eyes, that he had spent twenty-five hours in the Library fruitlessly trying to find a formula with which he could solve a Marketing problem on which he had to write a report. He had been a science major in college, and he was lost without a set of formulas.

I had many analogous experiences with students who had majored in economics, government, history, and other subjects. They wanted some place to which they could turn for ready-made answers. Sometimes I was cruel enough, I fear, to ask them if they expected to have a book of answers to turn to when, after graduation, they had to make business decisions.

The fact that there was not a single right answer to the problem in a typical case always has been disconcerting to many students. About 1929 the Marketing class was given a merchandising problem in a retail drug business on which to write a report. After the reports had been turned in and sampled by the teaching and grading staff, the instructors in the course, in accordance with their usual practice, reviewed and commented on the analyses and stated their own conclusions. After making his summary, Professor Howard T. Lewis remarked to his students that there was a difference of opinion among the instructors as to the course of action which should be taken by the drug firm. At the end of the class hour, one of the students stormed up to Professor Lewis and in strong language accused the School of taking tuition money under false pretenses.

"How can you expect the students in this School to learn anything," he asked, "if the instructors themselves cannot agree on the right answer?"

Down to a very recent date at least, the students, especially in their first year, have continued to be concerned about finding out what the "School's answers" to the problems are. It takes them a long time to discover that they are being subjected to a process of instruction in analysis, logical thinking, and decision-making, rather than in a ritual of "right answers."

In this connection, reference also should be made to an experiment which started in 1920 and about which I still am not happy. It has to do with so-called "keys" for casebooks.

In May 1920, while I was in Chicago at a business school conference, I had lunch with my old friend A. W. Shaw. While I was telling him about the new casebook in marketing, he announced emphatically that he wished to have his company publish it. Although I had had other arrangements in mind, I was glad, with Dean Donham's approval, to enter into such an arrangement. After I returned to Cambridge, I wrote a letter to Mr. Shaw confirming our tentative understanding. In that letter, among other things, I stated: "The problems are to be given without answers, and no other book of answers is to be published."

When the publisher's representatives undertook to interest

teachers in other institutions in the use of the casebook, there was an immediate and urgent demand for a set of "answers" for the instructors as a condition of adopting the book for class use. The sales manager then began to press me to prepare a "key" to the problems in the book. Dean Donham was so interested in promoting the use of the case method that he tended to support the sales manager. Consequently, despite my definite understanding to the contrary, I yielded to the pressure and prepared a key to be distributed in mimeographed form to the instructors who adopted the book for class use.

In the key a brief statement was given of what seemed to me to be the main factors involved in each case, the general significance of the case, and my own conclusions. Some instructors used it discreetly, as suggestive and as a timesaving device. Many others took the conclusions stated in the key as the "right answers," and so informed their students. In some instances the students looked upon the key as a "Bible" to which they did not have access. Thus, the key tended to subvert the whole purpose of the casebook.

Perhaps some of the instructors who misused the key, through lack of understanding of the case method, may have done as good a job at teaching with the casebook as they would have done by lecturing. Nevertheless, I still have a guilty feeling at having been a party to a basically unsound procedure, and the editors of other casebooks at that period had to follow the precedent and put out keys for their books. Inasmuch as I have had no experience with the preparation and distribution of keys for casebooks during the last twenty-five years, I can express no opinion as to how understandingly they have been used in more recent times.

Another example of misunderstanding the case method is afforded by a letter which a professor of marketing wrote to the publisher of the marketing casebook in November 1921. That professor had been a sales executive in a business concern before he took up teaching. In his letter he said:

In general, I am entirely sold on the problem method. However, I am not sold on the problem method in text. We have 45 sales and advertising managers who supply us their merchandise plans,

their advertising, and everything else they do. They also tell us the answers to their problems. . . . My frank criticism of the previous problem book is this: the problems are o.k., but if you have an academic teacher who has not been in business and who does not know the answer, of what use are the problems?

The search for the one "right answer" to a problem is not confined to students and teachers. We have been pressed at times to undertake research at the School to ascertain the "best practice" in various aspects of business administration. The best practice in technical methods may be ascertainable, but the best practice in policy making could become a ritual so rigid as to defeat its own purposes. In an ever-changing business world, it is ability to analyze, to judge trends, and to weigh diverse influences that leads to sound administrative judgments, and it is the purpose of the case method to develop that sort of ability.

#### THE ROLE OF THE INSTRUCTOR

The case method, as used at the School, requires active participation by the students in a discussion of the factors involved in each administrative problem presented, in a weighing of the significance to be attributed to each of the factors, and in the formulation of a final decision. This has been characteristic of the case method since its first introduction at the School. A mere quizzing of the students on the facts stated in the case, or a guessing contest as to what is the "right answer," or the use of a case primarily to illustrate some "principle" stated in a textbook, is *not* the case method as employed at the School. The discussion, furthermore, is based entirely on the information stated in the case plus matters of common knowledge. By most of the instructors in the School it has not been considered "cricket" for a teacher to utilize in the discussion information not given to or available to the students.

Under the case method, the instructor functions as moderator of the class meeting. He asks such questions as he deems likely to stimulate the students' thinking and to encourage further discussion. He maintains order by recognizing the students who are to

speak. And finally he decides when the point has been reached where the discussion should be concluded and summed up.

Many of the questions asked by an instructor during the discussion of a case are occasioned, of course, by the statements made by the students and by the turns that the discussion has taken. In preparation for a class meeting, however, the instructor usually plans out a tentative set of key questions to be used with discretion to keep the discussion active and purposeful.

The questioning practice varies widely among instructors, but to me it always has seemed desirable for the instructor to make his questions as terse as possible so that a maximum share of the time is available for the students. Professor Biddle was one of the teachers particularly adept at maintaining a lively discussion without spending time in asking lengthy questions. He frequently would ask a student to start discussion of a case and then let him present his views for five or ten minutes, giving him perhaps an occasional quizzical look to indicate that the views expressed possibly were not complete or conclusive. By the time that student had finished his exposition, numerous other members of the class usually were ready and eager to take part in the discussion.

When teaching by the case method, I found that I had to prepare carefully for each class meeting by studying or reviewing the cases that were to come up and by drafting tentative key questions. No matter how many times I had dealt with a case, intensive preparation seemed to be needed. I judge that the experience of most other members of the Faculty has been similar.

In the classroom, I found that constant and intensive concentration was required of the teacher in order for him to comprehend, if possible, what each student was driving at and to lead the discussion in fruitful directions. Instruction by the case method is not easy on the teacher.

In the discussion of cases the instructor himself is always learning. He often finds that new points of view are brought out by the students, and questions are suggested that he had not thought of before. Also, in my own experience, I frequently found that the discussion of cases revealed blind spots in the students' thinking

that otherwise would not have come to my attention. About 1932, for example, we used a certain case in Business Policy with only mediocre results. The next year a remark by one of the students led me to start asking questions about the personalities involved in the case. I then discovered that the personality factors, which had seemed to me to be obvious, were far from being obvious to the students. Up to that point they had been thinking only in terms of economic, technical, and financial factors. When discussion was directed to the personality considerations, which were of paramount significance in the particular situation, the case took on real life, the discussion became animated, and a start was made on a line of thought which was carried over into many subsequent cases.

Some students and employers have held that the case method develops an overly critical attitude among the students. Undoubtedly there has been some basis for that contention. We teachers, I fear, have not always obtained enough cases of the constructive type and have not utilized fully the cases which we have had to emphasize the positive aspects of executive action.

A student, however, commonly needs to go through a stage of being critical. It is part of the process of learning to think. It was my experience that a new student, however iconoclastic he might be about nonacademic matters, tended to be naïve or at least subservient in accepting as authoritative anything printed in a book or almost anything said by a professor. Hence it was necessary, as a first step, to train him to look at every statement, from whatever source, with a skeptical eye. Then he could begin to evaluate for himself the factors and considerations involved in making a decision. To the extent that the students do not develop beyond the critical stage, it is the fault of the particular cases used and of the instructors rather than inherently of the case method of instruction.

In this connection it seems to me pertinent to cite an example from another field, baseball. Ty Cobb, writing about post-mortems after games, said: "If we had won there wasn't much to talk about;



nobody ever learns from winning a game. But if we had lost, we could always put our fingers on the mistakes.”<sup>8</sup>

My own teaching experience coincides with Ty Cobb's statement about never learning from winning a game. Despite vigorous efforts on my part, I never had any success in the classroom with cases concerning companies where practically everything was running smoothly. All seemed so obvious that the students saw nothing to discuss. This may have been the result of my own ineptitude as a teacher, but that was my experience. It was rather in cases where something had gone wrong, or where a more or less baffling new situation had arisen, that discussion became lively.

It is unfortunate that some of the students do not pass from the critical to the constructive stage, but discussion of mistakes does have a real pedagogical value. The student in the classroom, like the rookie on the bench, can profit by learning from the mistakes which others have made. It is much less costly, furthermore, to learn from the mistakes of others than from your own. The point, however, is to help the students to build, not merely to criticize.

### *Summary*

The techniques of case presentation have undergone numerous changes since 1920, and experimentation undoubtedly will continue for the indefinite future. The big task, nevertheless, is still the same as it was in 1920 — to find situations dealing with commonplace administrative problems, with issues sharply enough drawn to provoke active thinking and animated discussion.

In Dean Donham's last report, that for 1941-1942, he summed up his views regarding the case method as follows:

Fortunately, in spite of the fact that from time to time we chased false gods and had to retrace our steps, both the new curriculum and the case method of teaching business administration by using systematically arranged problems reported from life instead

<sup>8</sup> Ty Cobb, "They Don't Play Baseball Any More," *Life*, March 17, 1952, p. 150.

of lectures or textbooks worked well from the start. Both initiative and a sense of responsibility are developed. We are proud of our alumni and their effectiveness. Inevitably, we spent years finding out how to report business cases and how to use them — a process still far from complete. As I had hoped and anticipated, the case approach offers the finest kind of mechanism for trying out and delimiting principles which the Faculty and text writers have drawn from their business contacts and from other social sciences, and for evolving generalizations useful to the business administrator. Moreover, case material stimulated the continuous development of instruction because interpolation of new and significant material can be made a little at a time as the need arises. No new edition of a textbook is necessary. As a result, courses of instruction based on cases have less of the rigidity which is so deadening. These facts contributed largely to the successful conversion of our curriculum to war conditions in the last three years. Changing social conditions lend new significance to old facts. For the teacher, hard work is necessary each time a given case is taught, for time alters its significance, and he cannot rely on memory or last year's notes. Active discussion with able youth gives pedagogy a new significance. Cases and courses overlap and the interrelationships of subjects are constantly impressed on Faculty as well as students. The experience of struggling with new and varied facts in the raw is as stimulating to Faculty as to students. Skill in handling facts grows constantly.

## CHAPTER X

# Potential Masters of Business Administration

The main core of the Business School always has been the M.B.A. student body — the young men studying for the degree of Master of Business Administration. Enrollment figures and other information about these students have been presented in the preceding chapters. Nevertheless, there are several topics pertaining particularly to the M.B.A.'s which have not been fully developed as yet.

### *Admission Policies*

The early experience with admission of special students already has been recorded. From time to time the School also admitted to the M.B.A. program a few mature students for full-time work who did not hold college degrees but who did seem qualified for admission on other grounds. The number of such instances, however, was very small. With these exceptions, all the students in the M.B.A. program have been college graduates. A college degree has been the basic requirement for admission.

The problem of selection from among candidates for admission has been a difficult one, particularly after World War I when the number of candidates in most years far exceeded the openings. The requirement of a college degree for admission and the availability of college records did protect the School in considerable measure from serious errors. Nevertheless, the aim was to select

not adequate students but those best fitted for positions of responsibility in business. To this end the School has experimented with various methods for evaluating the men applying for admission.

In 1921 the School began to experiment with the use of intelligence tests as a guide in selecting qualified men. Dean Donham described the first experiment at length in his report for 1920-1921 and stated that the results gave grounds for hope that effective use could be made of such tests as a supplement to existing entrance requirements. Later experimental results, however, were not conclusive, and the problem of testing the widely scattered applicants was difficult to solve. Consequently, after a couple of years the experiments were discontinued. Some further limitation on candidates to be considered was effected, however, through a policy of rejecting the application of every student with a low undergraduate record.

In 1924 the size of the class entering in the fall was restricted to 335 men and the midyear group was limited to 150. Entrance requirements were not raised at that time. Candidates with the necessary qualifications were accepted in the order of receipt of applications until the quota had been filled.

After the new plant was opened at Soldiers Field the limit on the size of the entering class was raised to 600, but applications soon exceeded that limit. The old method of selection by precedence in application, moreover, was proving to be not altogether satisfactory; the more capable candidates were not necessarily those who applied early. Consequently selection by precedence was given up and a new plan, selection by interviews, was introduced.

At all times primary attention was given to undergraduate records, but they did not solve the problem of selection in many cases. Applicants with poor records could be rejected with considerable certainty, and similarly most of the students with excellent grades could be counted on to do satisfactory work in the School. But the big middle group of students who had done B or C work in college could not be satisfactorily differentiated by minor differences in grades. Grades, moreover, were not fully comparable as between colleges or even as between courses in any one college.

There were furthermore some students with high undergraduate ratings who nevertheless did not have the personalities, the aptitudes, or the interests to qualify them for success in business administration. It was hoped that the interviews would help to solve these various problems.

In his report for 1929-1930 Dean Donham remarked:

All the facts [regarding an applicant] which we can obtain are taken into account, but because of the fairly high degree of correlation found to exist between undergraduate standing and grades in the School, considerable emphasis is placed on college records. Fifty per cent of the applicants were interviewed by members of the staff either at the School or at colleges, and in more distant locations by former members of the staff and alumni. These interviews not only provided impressions of personality and character but furnished other pertinent information, such as seriousness of purpose and objectives, causes for low grades and the like. Other data about the applicants taken into consideration were recommendations of professors and employers, business experience, and undergraduate activities.

As time went on the interviewing procedure was extended, until by World War II it comprehended over 90 per cent of the American and Canadian applicants and some of those from overseas.

In 1946, when the School was almost overwhelmed with applications, an Admissions Board composed of nine administrative officers of the School was set up to pass on all applications. Before an application was submitted to the Board, the applicant usually was interviewed by two members of the Board independently; in the case of the more remote applicants, the interviewing sometimes was done by representatives of the School.

In his report for 1948-1949 Dean David wrote:

We are continuing the critical examination of the procedures we are using and are experimenting with others such as aptitude and interest tests. As a part of this effort we have this year initiated a long-range research project in which we hope each year, with their voluntary cooperation, to study in detail the experiences of a small

group of students as they go through the School. Observations will be made of these students from the points of view of education, medicine, sociology and psychology in an effort to find out as far as humanly possible what are the significant aspects of the experiences of these students that might bear upon the original selection of future students for admission and upon possible changes in the organization of the School's program.

As a result of that research and of allied experience, the School joined with a group of other institutions in 1953 in organizing a program for developing an Admission Test for Graduate Study in Business, the research to be carried on at the Educational Testing Service in Princeton, New Jersey. The Dean stated that the testing program would be used only as an additional guide in the over-all evaluation of applicants.

Starting in the fall of 1954 the School required each applicant for admission to take the aptitude test developed through the above research.

In 1954 the School also discontinued the practice of thirty years' standing of interviewing applicants for admission. In the recent postwar years that procedure had been subject to criticism on several grounds; one, for example, being that a smart talker might be able to gain preference over an abler but less articulate applicant. The interviewing procedure also had become very expensive.

Thus, in 1954-1955 the School still was experimenting with methods for selecting applicants. The chief reliance, however, continued to be placed on the undergraduate scholastic record, with a certain differentiation between colleges, plus the record of what each applicant had achieved in extracurricula activities and in whatever employment he had experienced. The undergraduate record was not infallible but it had proved the best guide available. While there are occasional exceptions, it is largely a myth that a student can loaf his way through his college courses and then do a first-rate job in a graduate school. Even a naturally good mind needs training and vigorous discipline to achieve effectiveness.

The School consistently maintained a policy of admitting students, as President Lowell expressed it, "without regard to what

they have studied in college." Except for the one experiment in the 1920's of requiring applicants to have taken a course in economic theory, no subject requirements have been set up for admission. Such a policy reflected a conviction that men with broad and varied interests were needed in the business world. It also was in line with the whole tendency of the School, including teaching business subjects, to avoid narrowness of approach, overspecialization, and grooves in thinking. At the student level, the mingling of men with widely differing intellectual interests provided an education in itself. The policy also fortunately kept the School from influencing any college to become a business "prep school." Of the class entering in 1956, the following percentages had majored in fields as indicated: 0.8 Agriculture and related fields; 17.5 Business Administration; 23.4 Engineering; 4.0 Government; 15.7 Humanities and Languages; 2.4 pre-Medical, pre-Law, etc.; 6.9 Sciences; 25.2 Social Sciences; and 4.1 other areas.

### *Student Aid*

In every class since the School opened in 1908, there has been an appreciable number of students who needed financial aid to tide them over their two years in the School.

Dean Gay believed that the financial requirements of needy students at the School should be met not by scholarships but by means of loans which would start bearing interest when the borrower graduated and which would be repayable in installments beginning not later than three years after graduation.

At a meeting of the Visiting Committee in February 1910 Dean Gay explained the need for a loan fund and, when questioned as to the initial sum required, said that five hundred dollars would be sufficient. Whereupon a Committee member handed the Dean five one-hundred-dollar bills under the table, with a whispered admonition that the donor was to remain anonymous. Thus the School's Loan Fund for students was launched. Three other gifts totaling three hundred and fifty dollars also were received that year, and during the next eight years there were several relatively small addi-

# And Mark an Era

TABLE 11

## HARVARD GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

### Student Loan Fund Statistics, 1908-1909 to 1954-1955

Year	Total Regular M.B.A. Enrollment	Number of Men Loaned	%	Number of New Men Loaned	Total Loans	Total Repayments
1908-1909	33	—	—	—	—	—
1909-1910	50	1	2	1	\$ 200.00	—
1910-1911	53	3	6	3	410.00	\$ 120.00
1911-1912	65	4	6	4	360.00	90.00
1912-1913	88	3	3	3	375.00	185.75
1913-1914	99	10	10	10	1,425.00	887.66
1914-1915	135	7	5	6	1,050.00	81.00
1915-1916	157	12	7	10	1,559.00	1,237.82
1916-1917	192	5	2	5	675.00	674.66
1917-1918	72	7	9	7	1,150.00	1,055.44
1918-1919	131	3	2	3	550.00	1,277.62
1919-1920	380	14	3	12	2,483.00	1,257.88
1920-1921	438	31	7	29	4,912.37	1,435.06
1921-1922	490	107	21	96	30,581.65	1,845.61
1922-1923	495	126	25	99	33,608.00	8,938.08
1923-1924	590	140	23	108	39,739.70	12,015.51
1924-1925	682	132	19	85	35,006.92	18,377.57
1925-1926	740	137	18	96	39,526.85	26,797.16
1926-1927	768	181	22	121	55,520.28	37,767.05
1927-1928	729	126	17	72	47,179.74	45,227.12
1928-1929	854	164	19	124	60,686.92	46,930.60
1929-1930	998	199	20	141	68,699.13	48,575.82
1930-1931	1,069	248	23	187	87,633.80	59,665.45
1931-1932	1,086	258	23	175	103,460.20	59,361.88
1932-1933	1,024	230	22	159	85,311.81	63,572.80
1933-1934	860	228	26	160	95,258.29	91,258.82
1934-1935	760	207	27	126	86,414.25	112,109.77
1935-1936	792	202	26	136	82,881.01	105,338.73
1936-1937	932	205	22	142	82,630.55	106,988.21
1937-1938	1,006	222	22	148	93,451.75	101,760.85
1938-1939	1,052	200	19	138	81,629.85	102,505.96
1939-1940	986	206	21	155	76,959.81	99,753.59
1940-1941	890	210	24	125	86,003.31	100,329.31
1941-1942	1,079	223	21	166	87,262.37	104,755.69
1942-1943	1,343*	271	20	188	94,725.97	132,475.60
1943-1944	no reg. students	2	—	2	103.40	115,000.69
1944-1945	no reg. students	1	—	1	69.34	89,177.66
2/1945-9/1946	1,025	10	1	10	2,170.50	52,809.24
10/1946-9/1947	1,808	121	7	117	53,453.10	21,935.55
1947-1948	1,311	140	11	102	55,897.12	27,394.44
1948-1949	1,276	106	8	89	45,175.00	47,160.57
1949-1950	1,186	191	16	161	94,850.00	54,927.46
1950-1951	1,147	285	25	182	191,735.00	53,565.45
1951-1952	1,126	269	24	166	199,301.75	88,995.32
1952-1953	1,163	329	28	248	230,660.07	114,484.13
1953-1954	1,168	366	31	352	259,359.94	143,906.97
1954-1955	1,223	285	24	181	258,922.71	174,932.88
		6,427		4,651	\$2,961,019.46	\$2,478,944.43

\* Includes 623 men enrolled in emergency I.A. (Industrial Administrator) program.



tional gifts. They, together with repayments, were sufficient, however, to meet the requests for loans at that time.

The first loan, made in 1910, was in the amount of two hundred dollars, and the average loan from 1910 to 1918 was one hundred and seventy dollars. During those years somewhat less than 5 per cent of the regular students received loans. A record of student loans and repayments from 1910 to 1955 is shown in Table 11.

With increases in enrollment and raises in the rate of tuition after World War I, there was an urgent need for more and larger loans to students. At the end of the School's fiscal year 1919-1920 the balance on hand in the Fund was only 1020 dollars. Dean Donham thereupon set out to obtain gifts for the Fund, and by 1926 gifts together with repayments had raised the principal of the Fund to 124,195 dollars. From 1910 to June 30, 1921, the total amount loaned to students had been 15,149 dollars; from July 1, 1921, to June 30, 1928, it was 281,633 dollars.

When the depression set in, after 1929, the demand for student loans again sharply increased, and by 1931 the Loan Fund was exhausted. The School, to meet the emergency, borrowed funds from the University with which to make loans to the students, and in 1932 members of the Faculty, at the Dean's suggestion, contributed to a student Emergency Loan Fund. The Service and Alumni Club Scholarships which were provided during the depression <sup>1</sup> relieved somewhat the demand for loans, but the amounts loaned continued to be large.

Dean Donham summarized the advantages of the Loan Fund as follows in his report for 1932-1933: "Aside from its benefit to the students, the Loan Fund has served the School well in two ways. First, it enables men to pursue their ambitions. . . . Second, it encourages men to continue to come here from all parts of the country, thus retaining to the School its status as a national institution. Without it we should not now have students from all 48 states."

During the period immediately following World War II most of the students were veterans, entitled to financial assistance from

<sup>1</sup> See Chapter IV, pp. 110-111.

the government under the G. I. Bill of Rights. By 1949, however, the demands for financial assistance were increasing substantially and the whole loan policy was reexamined. As a result, a new program was established in January 1951.

Numerous students had found it necessary to supplement aid from the School by income from outside employment. In the early 1920's, for example, one student arranged his class schedule so that a free day followed each day of classes. On the evening following a day of classes he went to New York as porter on the midnight train, returning the following night so that he could be present at the next session of his classes.

Dean Donham, in an article in the *Business School Alumni Bulletin*, July 1936, cited another instance:

Several years ago one ambitious young man from a western state arrived on Registration Day in a battered car which had seen considerable service. This car, his luggage, and thirty-five dollars comprised his total assets, with which he planned to finance two years' study at the School. A week later he had secured an agency for the sale of laundry services on a commission basis, a waiter's job which gave him free meals, and an advance on his scholarship which covered his tuition charges. Two years later he graduated, after having worked on every available job that came to his attention, and after achieving a creditable average in his class work.

Another student worked his passage to the School by acting as chauffeur for an elderly lady who wished to be driven from the Pacific Northwest to Boston. That student not only worked his way through the School but also before he graduated had acquired a fiancée.

Many such instances could be cited of ambitious and resourceful students who earned all or a large part of the money needed to pay their way through the School. There was danger, however, since the work load in the School was heavy, that a student might jeopardize his health by undertaking too much outside employment. The financial aid program set up in 1951 was designed to provide additional assistance to students whose needs could not be met from the Loan Fund.

From 1920 to 1951 the School's policy had been to allow a student to borrow the equivalent of one-half his tuition in his first year and the full amount of his tuition in his second year, provided he maintained a satisfactory standing in his class work and could prove financial need. A maximum limit on the loan had been established because the School deemed it unwise for a student to graduate too heavily burdened with debt.

Under the 1951 program a needy student could borrow up to fifteen hundred dollars from the Loan Fund, as compared to twelve hundred under the old policy, and could obtain the balance of his financial requirements from Advances-in-Aid.

A loan from the Fund was a legal obligation, in the form of a promissory note, bearing interest at the rate of  $4\frac{1}{2}$  per cent from date of graduation, with repayments of principal starting six months after graduation and continuing on a scale of increasing installments for a period up to four years.

One of the most notable aspects of the Loan Fund was the repayment record. From 1910 to 1955, 4651 students borrowed an aggregate of 2,961,019 dollars from the Fund. During that 45-year period the loss on loans written off because of death, sickness, or inability to pay amounted to only 2 per cent of the total loans made.

An Advance-in-Aid was made only after a student had borrowed from the Loan Fund the maximum amount permitted under School policy, and the amount of the advance was determined in each instance by the student's demonstrable needs. An Advance-in-Aid did not bear interest and involved no legal obligation for repayment. It was understood, however, to carry a moral obligation for repayment. It was expected that repayment might not be consummated until ten or twelve years after a recipient's graduation.

In his report for 1952-1953, Dean David expressed "the earnest desire of the School that no otherwise qualified man be prevented from attending the School because of financial limitations."

This year [he said] we achieved this goal. Through the generosity of alumni and friends we were able to provide financial aid to *every student who needed assistance to attend the Harvard*

*Business School.* This is the first time we have ever been able to do this. . . .

In selecting the present entering class, our Admissions Board chose from many hundreds of applicants the men best qualified to undertake the rigorous M.B.A. program without giving any consideration whatsoever to the ability of these men to meet School expenses. Only after a man's admission was definitely determined did the Dean's Office know whether he would need financial aid. Then the Financial Aid Board evaluated individual needs and made the necessary awards. . . . Not one student had to give up his ambition to study at the Harvard Business School because of lack of funds.

In 1955 the maximum amount which a student could borrow from the Loan Fund was raised to two thousand dollars and in 1956, with tuition increased from one thousand to twelve hundred dollars, the maximum was raised to twenty-five hundred. It also was provided that on and after September 1, 1956, the Loan Fund would be available to all students admitted to the M.B.A. Program. Thereafter a student who wished to stand on his own feet financially could borrow from the Loan Fund even though his family might have adequate resources. Advances-in-Aid, however, were not made in cases where family resources were sufficient for the students' needs.

Dean Gay had started the financial aid program, necessarily in a modest way, shortly after the School got under way. It was greatly extended by Dean Donham and Dean David, with the generous help of alumni and friends of the School, and has helped the School to provide the equality of opportunity in education which is of such paramount importance.

### *Student Honors*

I have pondered long as to whether to attempt to present the technical history of the grading system used at the Business School. There probably is no subject which has consumed more time at Faculty meetings; a proposal for even a minor change inevitably led to long arguments and discussions. The students also always

have had strong ideas about grading. Nevertheless, rightly or wrongly, I have come to the conclusion that few readers would have much interest in the technical details. Hence I will merely state the several means used to give special recognition to student proficiency under the grading system in use.

The first means was to grant the degree of Master of Business Administration *with Distinction*. In 1911, the first degree with Distinction was awarded to one of the eight students graduating that year. Then, in 1928-1929, a degree *with High Distinction* was added.

Another means of giving recognition to outstanding performance by students was introduced in 1922, when the publication of the *Harvard Business Review* was undertaken. A student Business Review Board, later called the Student Editorial Board, was set up to edit one of the main sections, and members of that Board were chosen primarily on the basis of scholastic standing. That plan was continued for fifteen years. It served to give recognition to scholastic attainments, but it was not so successful from an editorial standpoint.<sup>2</sup>

In 1939, to honor quality work, arrangements were made to give Corporation appointments to selected second-year students. Such appointees were known as the George F. Baker Scholars. The appointments were purely honorary, carrying no stipend. That plan has been continued, with approximately 5 per cent of the second-year class receiving such appointments each year.

### *Student Health*

Still another topic not to be overlooked is the attention given to the health of the students. When the new buildings on Soldiers Field were opened, one of the features was a medical department. That department was set up at Dean Donham's initiative, and the Business School was the first graduate school in the University to have its own medical office and its own full-time physician. The first man to serve as School physician was Dr. Fabyan Packard. He

<sup>2</sup> See Chapter XIII, p. 332.

remained in that position until 1943, when the medical office was closed with the suspension of civilian activities. Dr. Packard had one assistant, a secretary-technician.

The medical office provided for physical examination of each student entering the School and also for medical advice while the School was in session. It was expected that its accessibility would encourage prompt consultation and thus not only take care of minor ailments but also help to forestall serious or prolonged illness. In dealing with certain student problems, furthermore, the Dean's Office was helped by being able easily to obtain medical opinion.

The medical office was a busy place; in 1930, for example, the Dean reported that during the preceding academic year 5083 medical consultations with students and 757 consultations with employees had been held. During the 1930's, when the students were subject to so many stresses and strains caused by general economic conditions, the medical office was especially helpful.

With the resumption of civilian activities at the School, in February 1946, the medical office was re-established, and Dr. Neil L. Crone was appointed Physician to the Business School and Associate Professor of Business Administration. In 1951, Dr. Crone was promoted to a full professorship.

At first Dr. Crone had only a secretary-technician to assist him. The work load, however, soon required the addition of part-time medical personnel equivalent to the service of another full-time physician.

### *Student Organizations and Activities*

#### THE STUDENT ASSOCIATION

The Harvard Business School Club, which all the students were eligible to join, was organized in 1910, to foster social life among the students, to provide them with responsible spokesmen, and to arrange for informal talks by businessmen and others. One of the small rooms in Lawrence Hall was converted into a clubroom and served as a central gathering place until it was outgrown in the early 1920's.

In 1933 some changes were made in the structure of the organization and it was renamed the Harvard Business School Association. In the spring of 1946 some further changes were made and the organization was then called the Harvard Business School Student Association.

The membership of the club expanded rapidly after 1919 with the increase in School enrollment, and more and more of its functions were handled by committees. In 1924-1925, for example, there were the following committees: General Meetings, Publicity, Library, Entertainment, Discussion Groups, and Constructive Criticism. In 1927, after the move to Soldiers Field, three additional committees were appointed: Dormitory, Athletics, and Yearbook. This remained the basic committee structure until after World War II. A brief statement regarding some of the committees may serve to throw further light on life at the School.

The Constructive Criticism Committee was set up to give the students a channel for presenting impersonally to the administrative officers criticisms or suggestions regarding the work or facilities of the School. On several occasions, the Constructive Criticism Committee examined certain conditions very carefully and came up with most helpful suggestions. The administrative officers of the School also utilized the Constructive Criticism Committee effectively for obtaining student reactions to proposed changes in School practices. That Committee contributed substantially to the maintenance of good relations between the administrative organization and the students, especially in dealing with certain potentially explosive problems.

In the reorganization of 1946, and through further changes in 1947, the tasks previously performed by the Constructive Criticism Committee as well as certain new assignments were taken over by the University Relations Committee, the Parietal Rules Committee, and the Steering Committee. The University Relations Committee cooperated with the School's officers on administrative problems. The function of the Steering Committee was to "communicate to Faculty members student reaction on academic matters." The Parietal Rules Committee was set up to negotiate with the administrative officers of the School regarding modifications in the rules

governing the entertainment of women visitors in the dormitories. The Parietal Rules Committee and the Executive Board of the Association then cooperated with the officers of the School in securing effective enforcement of the rules adopted.

The Discussion Groups Committee had the function of organizing the first-year students into groups of about eight men for the informal discussion of cases assigned for classroom use or for written reports. Each student was expected to write his own report, but the Faculty, under Dean Donham's leadership, encouraged group discussions as a means whereby the students could contribute to each other's education outside the classroom. Before World War II the organization of discussion groups was one of the main services of the Student Association.

In 1924 a group of students undertook to publish a yearbook which listed all the students, with a photograph of each and data regarding his home address, undergraduate school, and so on. The following year the *Yearbook* was published under the auspices of a committee of the Business School Club and that arrangement was continued except for one or two years. The title of the *Yearbook* was changed to the *Annual Report* in 1949.

The Athletics Committee first began to function after the move to Soldiers Field. It fostered intramural competition in touch football, tennis, golf, softball, squash, basketball, and occasionally in boxing, skiing, and other sports. In 1946-1947, for example, there were seventeen teams entered in the touch football competition. In 1952-1953, in addition to the intramural sports activities, there was participation by Business School teams in local league competition in football, basketball, volleyball, and softball. Inasmuch as the students were working under severe intellectual pressure, such physical exercise was of great importance to them.

On this subject the following statement from the 1922 report of the Visiting Committee may be worth citing: "Physical training along with the mental training is desirable and a further study of the health and strength of every student is urged. It is suggested that the professors and teachers could wisely adopt compulsory exercise for themselves."



The Committee's suggestion regarding physical exercise for the Faculty had a great deal of merit, but of course it never was acted upon. That would have impinged upon one sort of academic freedom. I also am quite certain that most of the members of the Visiting Committee did not follow their own precept.

The Entertainment Committee — after World War II the Social Committee — was one of the most active student committees. It usually arranged for several informal dances and two or three formal dances each year. No record has been kept of all those dances so far as I am aware, but I am sure they were memorable occasions for many of the young men and women who attended them.

After World War II young ladies from colleges and schools in the neighborhood of Boston were invited to the first informal dance given at the School each autumn for a "get acquainted" party. Then the girls' colleges and schools began to hold similar parties on their own premises, to which Business School students were given blanket invitations. Thus the social ice was broken.

All this social activity has been one of the chief reasons, I suppose, for the vast number of automobiles parked on the grounds behind the School buildings. With such social opportunities open, imagine the plight of a student without a car! Certainly one of the great though unforeseen advantages of the School's location on Soldiers Field was that parking area.

Other committees of the Student Association in the postwar years have included Campus Facilities, Publications, Placement and Alumni, and Advanced Management.

The Business School Club and the associations which succeeded it have been indeed a vital element in the School's operations.

#### OTHER ORGANIZATIONS AND ACTIVITIES

While the Business School Club and its successors have been the major student organizations, there also have been numerous other clubs.

The Staplers was organized in 1919 as an eating and social club and usually had between 50 and 60 active members. After eating facilities were provided at the School, the club lost at least some of its earlier significance and it was not revived after World War II.

The Gaydon Club was organized a year or so after the Staplers. It was essentially the same type of club, with approximately the same number of members. It went out of existence in 1932.

The International Circle was founded in 1923 to bring together the foreign students and other students interested in foreign affairs. This club held luncheon meetings at which members or guests spoke. The International Circle had a student membership of 13 in 1925-1926, 55 in 1929-1930, and 88 in 1931-1932. It became inactive shortly after that last date.

The Century Club was organized soon after World War I. It held four of five meetings each year, with guest speakers and informal discussions. Its membership was limited to 25 students. For over twenty-five years Professor John G. Callan was Honorary Chairman of the Club. On his death he was succeeded by Professor Thomas H. Sanders, and when Professor Sanders retired his place was taken by Professor George Albert Smith, Jr.

During the 1920's and 1930's various fraternity clubs were formed by alumni of national fraternities enrolled in the School. The history of those clubs was very spotty. In some years a particular club was quite active under the stimulating leadership of some members, but in general the fraternity clubs never gained much of a foothold in the social life of the School.

After World War II there was a spate of new clubs — regional and functional. The first of the regional clubs was the Chicago Club, formed in the summer of 1946. Its membership was made up of students from the Chicago area and students who contemplated settling in that area after graduation. Its purpose was to promote acquaintanceship and to aid in job hunting. Subsequently other regional clubs were formed: the Iowa, Pacific Northwest, San Francisco, Texas, Cleveland, and California Clubs, the French Club, the Scandinavian Club, and others.

One of the first of the functional clubs was the Marketing Club, founded in March 1946. It started with 50 members and grew rapidly to about 400 members. Its purpose was to promote discussion of marketing matters among the members and to bring in businessmen to talk on marketing subjects. A Finance Club and an Industrial Relations Club also were formed, with similar general purposes.

Still other student clubs were formed from time to time in the postwar years. And in 1947 a Student Wives Club was organized. For the years 1948 through 1955 the percentage of first-year students reported married at registration ranged from 21 in 1950 to a high of 37 in 1953. The Wives Club became very active and arranged frequent social gatherings for its members.

The *Harbus News*, a biweekly newspaper first published in October 1937, represented another type of student activity. From the start it was edited and published by a self-perpetuating group of students. As with most student newspapers, the *Harbus News* had its ups-and-downs. Some years it was flippant, but for the most part its editors had a serious and constructive editorial policy.

A controversial subject in the postwar history of the *Harbus News* has been its annual course-evaluation survey, in which second-year students are requested to answer questionnaires to provide the basis for rating second-year courses for the information of first-year students. The questions have varied from year to year, but in general they have dealt with the quality of the course material used, the work load, and the quality of instruction. Naturally not all the students nor all members of the Faculty have been in agreement with the survey methods used or the ratings given.

The students also constructed a radio station at the School, serving the dormitories, with funds provided by the Student Association. The station began operations March 11, 1948.

From the foregoing summary it should be apparent that it has not been easy for a student at the Business School to lead a life of isolation. Arrangements for dormitory living and for study also have made for intercommunication.

Each resident student has had a roommate. Ordinarily rooms

were so assigned that the two roommates were from different colleges and geographical areas, and in the neighboring quarters in the dormitory were students from still other colleges and other areas.

In the classroom the student became a member of another group. A first-year student was assigned to a "section" of about one hundred men, and he attended all his classes with that group. In each section there were men from every dormitory, as well as some married men and other students who lived at home. The sections were the basic educational units for first-year students, and the common classroom experience was so powerful that the sections also tended to become basic social units as well. The first-year sections became the focal points of group loyalty.

The cohesiveness of the first-year sections facilitated substantially the intellectual and social development of the students. That outcome was not anticipated when the first-year program was set up in 1946 on a no-electives basis, but it well may prove to be educationally one of the more significant results of that program.

Thus, through the sections, discussion groups, student association, student clubs, committees, athletic teams, and dormitory life, a student has had an opportunity to make a broad diversity of friends and acquaintances. Life at the Business School has involved a good deal more than business cases, classroom discussions, and written reports.

#### WORK LOAD

The extracurricular activities to which reference has just been made might seem to suggest that students at the Business School have had a lot of spare time on their hands. On the contrary, the work load always has been heavy. In the first place, the two-year period of instruction is all too short for the ground to be covered. In the second place, business executives often have to work under high pressure and it therefore has been judged fitting that young men in training for business administration should learn to do likewise. Not only does the heavy work load help to develop their inherent

powers of accomplishment but it also prepares them for the transition from school to business.

The School, furthermore, found that the heavy work load made for good morale among the students. To be sure, the students, particularly in their first year, often have grumbled. In the 1920's on at least two occasions the Faculty was led, more or less at the Dean's suggestion, to heed the students' complaints and lighten the load. In each instance, the result was a slump in morale. Actually the students were not so happy with an underload as they had been with a slight overload.

### *Student Placement*

One of the early School catalogues stated that it was "the aim of the School to give each individual student a practical and specialized training suitable to the particular business which he plans to enter." As it turned out, however, most of the students had not decided on a specialized career before entering the School. And when a student did have a particular career in mind, he as likely as not ended up in some other type of job. For example, in the early '20's, one student objected vigorously to taking the required first-year course in Marketing because he could not see that it would be useful to him in the manufacturing plant where he intended to work. This man upon graduation took a job with a manufacturing company in a very different industry and soon thereafter he was put to work in the credit department. In a few years he was placed in charge of the retail stores which the company operated, and he went on from there to become president of the company. Another student planned to go and did go into the family wholesale business upon graduation. Shortly, however, he turned to writing and had several successful novels published. As to how much his Business School training contributed to his literary career, I venture no opinion. These examples probably represent the rule more closely than they do the exception. It has been my observation that the best opportunities in life cannot be foreseen and specifically planned for.

Some of the members of each graduating class have found jobs for themselves, but others have needed assistance in locating positions for which they were fitted. Until 1923 placement work was handled informally by the Dean and the Secretary of the School, with some assistance from the teaching staff and, after 1920, with the help of the Assistant Deans. The work was facilitated by the contacts which had been built up with summer employers, outside lecturers, and firms interested in the School's research program; and so by one means or another jobs were found for the men graduating each year.

In his annual report for 1920-1921 Dean Donham made a statement regarding placement which dealt with some of the perennial problems of that activity:

During the year we have had under serious consideration the policy which should be followed in recommending men for permanent positions. In the old days the Dean could make such recommendations in practically every case upon his personal knowledge of the men involved. With the increased size of the School and the larger number of cases where graduates of the School refer to us after having been out for a few years, this has become an inadequate basis upon which to act. During the year therefore we worked out a careful system of rating the men not only on scholarship but on their personal qualities, this rating being made by several members of the staff including the Dean's Office rather than by the Dean's Office alone. The plan was put into operation as far as practicable and every man in the second-year class was rated by at least two members of the staff in addition to the Dean's Office. As a matter of permanent policy, it is expected that every second-year man will in the future be rated by five members of the staff. These composite ratings are entered on a record card in the Dean's Office which contains also a photograph of the student and his school record. . . .

So far the results of this system have been most satisfactory and in writing letters of recommendation we are able to write with far more assurance and confidence in the fairness of the recommendation than was formerly possible.

We have also during this year given serious consideration to another phase of the problem of recommending men, namely the extent to which the office should find positions for men who had

rather unsatisfactory or merely passable records. Businessmen who apply to us for men desire a recommendation based on our best judgment as to the man's capacity for a particular position, which is often specified with some detail, and more and more they ask for men of high scholarship. We decided last fall that the School would in the future take the initiative in seeking positions only for men who by the quality of their work and the impression which they made on their associates in the School affirmatively demonstrate the right to such assistance, leaving the other men to find their own positions. . . .

This decision to recommend affirmatively only men with thoroughly good records is more in the nature of a definition of existing practices than of a radical departure from precedent.

The Rating Card provided for ratings ranging from "unsatisfactory" to "exceptional" on personality, industry, judgment and common sense, reliability, initiative, cooperation, and native ability; ratings also were given on fitness for certain types of work, namely planning, handling men, salesmanship, and analytical work.

This rating system continued in use for several years, but presently was discontinued. Some members of the Faculty knew their students well and had an aptitude for rating them skillfully. Others were much less adept. There was no great problem in securing reliable ratings on the better men and the poorer men. But for the large middle group, where reliable ratings would have been most useful, the ratings were the least dependable. With a growth in the practice of employers' interviewing candidates for jobs, furthermore, the need for Faculty ratings diminished.

In 1923 an organization was set up in the Dean's Office for handling placement. The first Assistant Dean to be put specifically in charge of placement activities was Mr. Malott, who also had other duties in the Dean's Office and as an assistant in instruction. Incidentally, Mr. Malott, after serving as Assistant Dean, Assistant Professor, and Associate Professor at the School, with an interlude of a few years in business, went on to become Chancellor of the University of Kansas and, later, President of Cornell University. Incidentally, too, when he entered the Business School, Deane

Malott expected to go to work in a small bank in Kansas, of which his father was president. That was his contemplated career. But he ended up in a university presidency.

When the Placement Office was organized Mrs. James Murgatroyd was employed as secretary, a position which she filled most capably for thirty years. Mrs. Murgatroyd is one of a group of women who have rendered yeoman service to the Business School and who are most fondly remembered by a host of former students. She helped to set up and operate a system of records in the Placement Office, but it was her personal acquaintance with students and alumni, her keen interest in them, her prodigious memory, and above all her friendly, cooperative attitude that contributed so much to the successful operation of the Placement Office.

The Placement Office was needed not because of a shortage of jobs at the time but rather because of the magnitude of the task of helping the students and the potential employers fit together. As Dean Donham said in his report for 1922-1923: "Businessmen show a greater interest each year in the employment of our graduates. The number of firms who look to the School for men has increased to such an extent that we have been unable to meet the demand. During the year, we have received applications from 319 firms seeking from one to thirty of our graduates. In addition 59 colleges and universities requested graduates of the School for teaching positions."

There were 168 men in the class graduating that year, about one third of whom were entering businesses operated by their families or were starting businesses of their own. About 20 were joining the School's research staff and would not be available for outside employment for another year or so. And for various reasons several others were not available for employment.

When job opportunities so far outnumbered the men available, there was danger that starting salaries might be bid unduly high. On that point the Dean stated:

The School has believed it advisable to recommend to employers a limitation on salaries paid graduates of the School who enter



business with little or no practical experience. It is as necessary for our graduates to begin at the bottom and learn the routine of a business as it is for a college graduate. We wish businessmen to understand that we know that we are not turning out finished executives and that we realize how seriously our training fails if the men themselves are unwilling to start at the bottom. It is our aim to teach men to think business rather than to give them an equipment by which a large initial salary may be gained.

While the number of job opportunities in 1923 substantially exceeded the number of men available, not all the opportunities matched the interests of the students. This was particularly true with regard to geographical location. Consequently one of the first tasks undertaken by the Placement Office was to build contacts with potential employers in regions, particularly the West and Far West, where adequate contacts were lacking. The Assistant Dean in charge of placement and other members of the Faculty and administrative staff made extensive trips for that purpose. As soon as alumni groups were built up in those localities the placement problem was simplified.

Mr. George Eastman, I suppose, was about the first employer (1914) to visit the School to interview a student regarding a job, and for the next dozen years or so correspondence from the Dean's Office, travel by administrative officers of the School, and trips by students were the more common methods of placement. In 1930, however, the Dean reported that 135 firms had sent representatives to the School to hold individual conferences with students regarding jobs. And the number of firms sending representatives increased substantially in later years.

On the whole, those job interviews were very helpful to the students, but they did present some problems. Some of the personnel men who came to the School for job interviews, for instance, were not aware that there was much difference between interviewing graduate business school students and interviewing seniors in the undergraduate colleges of liberal arts, which they also visited; the interviewers had to be enlightened. That enlightenment, nevertheless, was a slow process and even in 1955 there were instances

of recruiting officers who knew little about the institution and the sort of training it gave.

The students also had to be prepared for proper conduct in interviews. For twenty-five years or more methods of preparing students for interviews have been in process of development. One of the first points which the students had to learn was that they must think not only of their individual interests but also of the interests of their classmates and of future students. In the early years, for example, some of the students accepted interview appointments out of curiosity, with no serious intention of taking positions if they were offered. Thereby not only was a bad impression of the School left with the interviewers, but some other students who would have taken those interview opportunities seriously were crowded out. In other cases, some of the students took a "choosy" attitude and let it be known that they were "shopping around."

Although in earlier years talks by members of the Faculty, by alumni, and by businessmen — on various careers and on the approach to the job — had been arranged for second-year students by the Placement Office, such aids to students were developed more comprehensively after the G.I. rush had subsided in 1949. The program came to include Career Counseling Conferences, Placement Counseling Seminars, and Individual Counseling in Placement. The Career Counseling Conferences, open to all the men in the second-year class, were carefully planned by joint committees of the Alumni Association and the Student Association in cooperation with the Director of Placement. The Placement Counseling Seminars were arranged for groups of 25 to 30 students and followed immediately after the Career Counseling Conferences. In December 1955, for example, nine such seminars were conducted by Mr. Allan Rood, Placement Counselor, in preparation for employer interviews which were to start a couple of months later. Individual Counseling in Placement provided for consultation of individual students with the Placement Counselor, and during 1954-1955 about 100 students availed themselves of that opportunity. Numerous students also conferred every year, informally,

with members of the Faculty regarding their placement interests. In 1949-1950 an Occupational Reference Room had been opened in Baker Library to house and make easily available a collection of published material about numerous companies.

In the postwar years Alumni Clubs in various cities also came to take a more and more active part in aiding students to find jobs. The School had now acquired a body of mature alumni — total living alumni numbered 21,000 in 1955-1956 — many of them holding influential positions, and their assistance in placement as well as in other matters was a valuable asset.

Employers continued to send representatives to the School for interviews with students, and Dean David summarized the result of that aspect of placement each year in his annual report. In his report for 1953-1954, for example, he stated:

During the thirteen-week Employment Interviews Program, 184 companies sent representatives to the School. They interviewed 382 students and hired 145. Last year 191 visiting companies hired 130 men. Many starting salaries were slightly higher than last year, ranging from a low of \$3,000 to a high of \$10,000 per year. The most frequently accepted salary as reported by the students this year was \$4,800. Last year the mode was \$4,500. The average this year stands at \$4,943 on the basis of 282 returns compared with \$4,882, based on 223 returns at the same time last year.

The Placement Office, in recent years, thus has provided counseling service to the students, and it has facilitated conferences between employers and students. It has not selected students to be recommended for particular jobs, nor has it attempted to provide employers with any evaluation of a student beyond a general statement regarding his standing in the School. It has scheduled the visits of employers' representatives, notified the students of that schedule, and indicated to the students the types of jobs the representatives were seeking to fill. The Placement Office supervised the arrangement of interviews in order to avoid conflicts with class meetings and also to make sure that certain students did not obtain an unduly large share of the interview opportunities.

The Placement Office also informed students about employers who had job openings but who did not find it convenient to send representatives to the School. Small firms and some companies located at a considerable distance from Boston frequently communicated with the Placement Office about positions to be filled, and numerous students obtained jobs in that way.

While there have been variations from year to year, as there were shifts both in students' interests and in job opportunities, most of the men graduating from the School have taken positions with manufacturing companies, banking and financial institutions, and marketing institutions.

## CHAPTER XI

# Report Writing and the English Language

### *The Writing Problem*

The case method of instruction in the Harvard Business School has been supplemented by another educational device — report writing — of which every M.B.A. graduate undoubtedly still has vivid memories. Although it was not until 1914 that the Faculty voted to start a formal written report program, the problem of report writing arose at the very outset of the School's operation. Mr. Moors, who gave the course in Investments, reminisced as follows about his experiences in 1908:

Eventually [when classes began] I found myself in the presence of about a dozen formidable-looking young men. I don't know whether I was more afraid of their obvious sophistication or of their obvious innocence. I had refreshed my memory as to many different kinds of bonds: government bonds, municipal bonds, railroad bonds, public utility bonds, industrial bonds; first mortgage, second mortgage, third mortgage and even sixth mortgage bonds; consolidated mortgage bonds, first and consolidated mortgage bonds, prior lien bonds, collateral trust bonds, income bonds, adjustment bonds, equipment trust bonds. I had refreshed my memory likewise on different kinds of stock, and the relations of stocks to bonds. After several lectures in which the different classes of stocks and bonds had been discussed, I had a happy thought. I asked the class how many knew what a bond was, and thus discovered that, after my elaborate expositions and definitions, at least half the class did not know the basic nature of a bond or the basic nature of a stock.

I also had made another discovery. It seemed to me that I might

test the class by making each student write a weekly paper on some investment subject. When I opened the first papers, I was appalled, not by the ignorance of the class on financial matters, but by its ignorance of the first principles of English composition and even of spelling. I, therefore, converted myself promptly into a teacher of elementary English. My first impulse was to be annoyed that any young man who had reached a graduate school could be so deficient not merely in ability to write, but in any standard of decent composition. I then bethought me of how I was myself treated as an undergraduate in such small aspirations as I then had to know how to write my own language effectively, and I recalled that we had had four so-called "themes" in the course of a year, and three so-called "forensics"; that during the long pauses between compositions I had forgotten each of them by the time I began the next. I also recalled that it was weeks, if not months, before a word was heard from my instructors as to what I had done, and that such few words as were vouchsafed were mostly small bits of sarcasm, doubtless deserved but not very helpful. I made up my mind that each thesis which my class wrote would be returned corrected within a week, and, though the class grew till it numbered some 70 students, during the eight years that I remained an instructor I never once failed to have each thesis returned on the Tuesday after it had been handed me. More important than that, I never gave myself the luxury of indulging in only a few perfunctory comments, but took each thesis and covered it with my views. Sometimes I would rewrite a whole thesis, reducing it by, let us say, 80 per cent, and challenging the writer to find anything which I had omitted. If there was anything to praise, I praised it joyfully, but I let it be known at the outset that sloppy work was intolerable, and in particular it was inexcusable not to know the difference between *principle* and *principal*, and *effect* and *affect*. I pointed out, with all respect to others better qualified than I to teach the art of English composition, that in something which I understood was called "English A" [in the undergraduate college] most of my pupils had, I understood, been taught that nothing in creation was so trivial that the artist could not make it interesting, but I urged: "You gentlemen are now beginning your business careers, and that kind of an attempt to spin something out of nothing will have no place in such careers; on the contrary, it will be essential for you to state what you have to state with absolute exactitude and in the fewest possible words. If all the while you have nothing to say, say nothing."

I could see that the young men liked this kind of treatment. Instead of leaving the classroom hastily after our discussions, they would stand about the room, looking, often ruefully, at my comments, and then gather in knots and compare notes; and I found that each year in a very few weeks the quality of the theses improved extraordinarily, with the result that we all, I think, enjoyed the work and felt artistic satisfaction in doing it well.<sup>1</sup>

The Business School probably never has had another teacher of English who was so effective as Mr. Moors, but the problems of English composition with which Mr. Moors struggled have never ceased to present themselves.

### *Introduction and Administration of the Written Report Program*

As a result of the experiences of Mr. Moors and other members of the Faculty, and especially as a result of caustic comments by employers of the Schools' graduates, the Faculty voted in 1914 to have a series of reports written for one of the first-year courses, such reports to be graded not only on substance but also on English.

Dean Gay spoke of this requirement as follows in his annual report for 1914-1915:

On the first reports about 80 per cent of the students failed to reach the passing grade in English (65 out of one hundred points). The standards by which they were graded were no higher than could fairly be set for college graduates and these results indicate clearly that a large proportion of the students had become careless or that their previous training in English had been inadequate. This class, furthermore, was apparently fully equal to the average in ability and previous college training. During the year such improvement was shown that in the final reports less than 20 per cent failed to reach the passing grade. By vote of the Faculty, no student will be hereafter recommended for a degree who before the middle of his second year has not attained a passing grade in the English of his reports. This plan of giving instruction

<sup>1</sup> Reminiscences of John F. Moors, in *Bulletin, Harvard Business School Alumni Association*, May 1933, pp. 101-103.

and testing in English will be continued until students entering the School show such proficiency as to render it unnecessary.

That day has not yet arrived.

From 1914 to 1922 supervision of report writing was assigned, by vote of the Faculty, to the Marketing course. During those years the Marketing students wrote about five reports each half-year. As the case program developed, the subject of each report was a problem, or case, on which an administrative decision had to be made. In his report each student was expected to present his analysis of the problem, the weight which he attached to each major consideration, and the reasoning by which he reached his conclusions and recommendations for action.

In 1920 and 1921 the instructors in some of the other first-year courses began to assign more written work than they had theretofore, with the result that the students occasionally had serious peak loads of written assignments. Some of the instructors in other courses also had a feeling that the Marketing course, through its responsibility for supervision of report writing, was obtaining an unfairly large proportion of the students' time. Consequently in 1922 a central office was set up to control all first-year report writing, as explained in Dean Donham's report for 1922-1923.

To solve this problem [of peak loads in first-year written work] we inaugurated during the year a system of report control with a central office from which all matters dealing with first-year reports are handled. The subject matter of the different reports required from the men is submitted by the instructors to the central report office where the type of report to be required is determined. Reports are released in accordance with a predetermined schedule with allowance made for work already assigned in the several courses. The grading of all first-year reports has been standardized and is supervised by the report control office. In this way, the professors have been relieved of the burden of report grading, report writing as such is systematically taught, and the grading is on a much more satisfactory basis.

The Dean went on to assert that "The system has proved entirely satisfactory." The Dean's optimism, however, was rather prema-



ture. For over thirty years the arrangements for the control and grading of first-year reports underwent continual experimentation and modification, sometimes with more and at other times with less centralization. I believe that it is fair to say that even in 1955 the system was *not* "entirely satisfactory."

Some of the main administrative problems encountered in the supervision and control of the first-year report writing have been: scheduling of the work load; obtaining problems or cases to be assigned for the reports with due regard to the stage of instruction which had been reached; securing a competent grading staff; securing effective cooperation of members of the teaching staff in briefing the grading staff and checking on the grading of doubtful or borderline reports; conferring with unhappy and sometimes disgruntled students.

For the first few years after the written report system was installed the reading and grading of first-year reports was done, under the guidance of the instructor, by an assistant who was a recent graduate of the School. For remedial guidance on English, the services of a very competent instructor in English in the College were enlisted. Then in 1919 and 1920 two graduate students in English were hired to work full time at the Business School on the grading of first-year reports. Soon thereafter the employment of women graders began. Reports for second-year courses were to be graded by the instructors.

### *Women Graders*

The first woman to aid in grading written reports at the School was Miss Mary E. Osgood. Miss Osgood had become Secretary of the new Bureau of Business Research in 1912 and from the outset had manifested notable administrative ability. In 1919, I was handling the second-year Business Policy course as well as the first-year Marketing course, was Director of the Bureau of Business Research, and had several other tasks. Under the circumstances I found it impossible to read all the written reports for the Policy course, and in desperation I requested Miss Osgood to try her hand

at reading and commenting on them under my general supervision. That experiment worked so well that presently young women were hired for the staff which graded first-year reports.

The employment of women graders has been the cause of critical and even bitter comment by some of the first-year students, who felt that their painful literary efforts deserved male consideration. The fact, however, was that few able young men were willing to take on the job of reading reports day after day, and that competent young ladies could be employed and trained to do a more careful, dependable job than would have been done by most of the men willing to accept such employment. Several of the women graders, moreover, have made a career out of their work at the School and gone on to take an active part in the research and administrative programs. Miss Osgood, our first woman grader, for example, became Secretary of the School, a very important administrative position.

### *The Students as Authors*

More often than not the complaints against the methods by which the reports were graded were emotional outbursts occasioned by the students' disillusionment as to their ability to express their thoughts clearly, logically, and concisely. Many students never had much difficulty in writing satisfactory reports, but enough did have trouble to make this subject one of perennial interest to the men who have attended the School.

One of the earliest instances of a dramatic protest by a student on the grading of his written report occurred in the autumn of 1917. The student was Tom Sanders, later one of the most notable of the School's professors. Tom was an Englishman, trained at the University of Birmingham, and he prided himself especially on his ability to write. When his first Marketing report was returned to him marked: "Satisfactory in Substance, Unsatisfactory in English," he blew up. I was in Washington at the time so I did not witness the explosion, but I heard several accounts of it later. In all my subsequent years of association with Tom, I never knew him to

"blow his top" as apparently he did on that occasion. Authors, I have found, at whatever level, tend to feel strongly about their compositions.

In November 1919, to cite another example, I was walking up to the instructor's desk in the room where the Marketing class was about to assemble, when a young man intercepted me. He muttered something rather incoherently and then flashed before me his last written report, which was well sprinkled with blue-pencil comments. "Only a damn fool could have made all those marks," he said. He followed me around the desk as I began to arrange my notes, his face getting redder and his sputtering more enraged. I suggested finally that he go away and cool off, then come back to talk it all over calmly.

He did not come to see me, however, till a year later, when he walked into my office sheepishly to apologize for his previous behavior. During the summer he had worked in a bank in New York and even during that short period he had found that his discipline in report writing had been of distinct advantage to him. Incidentally he presently became one of my intimate friends and also a friend of Professor McNair who, as an assistant instructor, had written all those objectionable blue-pencil comments in 1919.

Another incident involved the son of the president of a large industrial company. The student went home for a week end and, after breakfast on Sunday morning, he informed the family that he must spend the day writing a Business School report. The problem was concerned with executive compensation and profit sharing, a subject to which the father had given considerable attention and on which he deemed himself to be something of an authority. Hence the father volunteered to help his son write his report. They spent the day on it and came out with a concise, one-page report, the sort of report that the father insisted on having his associates prepare for him. The report was duly handed in at the School. When it was returned to the student a couple of weeks later, he immediately rushed to the telephone to talk with his father in New York. "Hey, Dad," he said, "you're a hell of a report writer. You got 'Unsat' [unsatisfactory] on that report you helped me write." The other

students took great glee in spreading the story, and the father also repeated it with a grin to numerous friends.

That incident did not occur in one of my courses but I heard about it at the time, and several months later I happened to sit beside a vice president of the father's company at a dinner one night. The vice president chided me about our flunking the president. I explained that in our reports we wished to know not only the conclusions which a student reached but how he reached them. We did not approve wordy reports, but on a problem such as the one involved, an adequate statement of the analysis and reasoning probably could not be presented in a one-page report. The vice president then leaned over and said, very confidentially: "Do you know, I have had a lot of trouble myself with [the president] on that very point."

I recall a similar case which occurred in 1920. This one also reached me through the grapevine. One of the students in the first-year class was the son of a very distinguished professor of English at Harvard. When the student had written his first marketing report, so the story went, he showed it to his father, who approved it. When the report was returned, it was marked: "Satisfactory in Substance, Unsatisfactory in English." Some weeks later, at a Faculty dinner, while chatting with President Lowell, I told him of the episode. His comment, without a smile, was: "Perfectly understandable, perfectly understandable."

Having made reference to the grapevine, I will add that an enterprising student, shortly before World War II, claimed to have proved its efficiency through experiment. He told a group of his cronies in McCulloch Hall, so he said, a rumor which he had that moment invented. He then sprinted down to Chase Hall, at the other end of the Business School grounds, and when he arrived he found that his rumor was there ahead of him. I of course do not vouch for the veracity of that tale.

In order that readers of this account may comprehend what Mr. Moors and other members of the Faculty have encountered in written work at the School, I am presenting a few brief excerpts from the reports and examinations written by students in my courses. I

am sure that a matching selection could be provided today by any member of the Faculty of any graduate school in the country. I cannot believe that my students were peculiarly afflicted.

At this time there seem to be two problems which include many other problems relating to the general problem.

By passing cash dividends (and possibly issuing a stock dividend) the company might well be able to find enough money to finance itself for this new machinery.

From hearsay it has been proven that England and Germany can undersell our tinplate manufacturers.

They should not, I would in their case, and barring one point, I don't think it matters much what they do so long as they do it with their whole heart.

In a textile mill the Treasurer is the most important executive. There is no specific reason for this except the industry has grown up that way. However this places too much responsibility on *one man*.

Finally, the company is in drastic financial straits, having exhausted its outlets for cash.

This breakdown of products shows that there is duplicity of products manufactured by these three plants. . . . This duplicity is also noticeable in the organizational setup of the three plants.

The two analyses are linked together, but both are lacking.

This plan was very good so far as it went and that was too far.

An understanding of the problems which beset the respondent company may, I believe, be best gained through an appraisal of the policies executed by the Company in an endeavor to meet the changing factors in the industry at large. Whether viewed with a futuristic foresight or in retrospect, they point to an enlargement of the functionary aspects of the business; hence a greater degree of risk to try management acumen. First, we will consider those policies which have been derived as a means of stabilizing the elements of the production function.

In a grocery business total expenses are high but gross profits are also up. He must increase the turnover. It is too low. The Fords are too expensive, I guess. He must cut down expenses.

The sales campaign should be carried out in certain sections and not attempted nationally, although some advertising nationally should be done.

His two contributions to efficient operation have been desirable, but neither is meritorious.

Sheets are very similar to underwear. They are changed and washed almost as often, so that their length of life is approximately the same.

I may add that I have deep sympathy with these authors. Some fifty years ago, when I was a graduate student in Economics, Professor Taussig gave me a severe lesson in English composition. For me, it was a bitter but invaluable experience.

### *The Factor Sheet*

To aid the students in the Business Policy course in analyzing cases and writing reports, a device known as the "factor sheet" was introduced by A. W. Shaw about 1912. With his report each student was required to submit such a sheet. It had two columns. In the first, the student listed all the factors he could discover *pro* a suggested course of action. In the second, he listed the *con* factors. In the text of his report he was expected to weigh all those factors and show their bearing on his final conclusion.

The factor sheet was to some extent a mechanical device, but it did force the student to attempt at least a certain amount of analysis. At all events, for several years after World War I, it seemed to have enough merit for its use to be required of first-year students writing Marketing reports. In the early 1920's some members of the Faculty, especially those who disliked the case method of instruction, were critical of the device, and when the supervision of report writing was transferred to the central bureau the use of factor sheets underwent some modification and the term itself was dropped.

Further modifications were tried from time to time, but methods of analysis analogous to the factor sheet continued to be used in the preparation of the required written reports. In his article on "Written Analysis of Cases," published in 1954 in the book edited by Professor McNair, Professor Thomas G. Raymond gave an example

of a "work sheet for analysis" of a case.<sup>2</sup> Professor Raymond then was in charge of the first-year course on report writing and the work sheet was the method then being used for training new students in case analysis. The work sheet used in 1954 was somewhat more elaborate than the old factor sheet, but it had essentially the same characteristics and served basically the same purpose.

The factor sheet made quite an impression on some of the students who were in the School in the early 1920's. In later years, numerous graduates of that era who dropped in at my office for a chat told me that they had carefully "factored" some major personal problems on which they had to make decisions. They had applied the old method of case analysis to their personal affairs.

### *The Continuing Struggle*

To indicate that the School is still struggling manfully with the problem of inducing the students to attain some mastery of the English language, a memorandum sent to the Faculty by the Associate Dean in May 1953 may well be cited. That memorandum began as follows:

The M.B.A. Board has unanimously adopted the following procedures in regard to the required proficiency in English. Beginning in September, 1953, the procedures outlined will be used to establish and maintain satisfactory standards of English performance in the first and second year M.B.A. programs. The basic Faculty policy is expressed in the Catalogue as follows: "No student is recommended for the degree of Master of Business Administration unless his work in the School indicates that he has reached a satisfactory standing in the writing of English."

1. *Standards of Performance in the Written Analyses of Cases Course* [the central organization then handling written reports]:

Beginning in September, 1953, the W.A.C. course will handle reports which are not written in satisfactory English in the following manner:

- (a) Student reports will be graded for over-all effectiveness as they now are, that is with no particular attempt being

<sup>2</sup> McNair, pp. 139-163.

made to mark them down for English. Poorly written reports will, of course, be frequently lacking in over-all effectiveness, and the grades, therefore, will reflect inadequate English usage to some extent.

- (b) Any report which the W.A.C. staff regards as unsatisfactory in English usage will be returned, graded, to the student. The student will be informed, however, that the grade will not be entered on his record unless the report is resubmitted in not more than two weeks' time with all the grammatical errors and other defects in English usage and presentation corrected. The original report should be resubmitted with the revised report.
- (c) If the form and English usage of a student's revised report are judged satisfactory, the original grade will be entered on his record. If the form and English usage of a student's revised report are not judged satisfactory, the original grade placed on the paper will be reduced one full point (HP to P or P to LP), and the lower grade will be entered on the student's record. The student will be informed of the lower grade and that will be the end of the matter.

The memorandum then went on to request instructors in all first-year subjects to report to the W.A.C. group any students showing evidence of deficiency in English so that there might be a central record of men having such difficulties. The memorandum dealt, further, with arrangements for remedial action in the first year, standards in English usage for admission to the second year, standards of performance in English usage in second-year courses, and standards of performance for foreign students.

Thus the School has continued its struggle to cope with the deficiencies in English composition manifested by so many of its students, although they were practically all college graduates. And despite the grief which so many students have experienced, the graduates of the school have been well-nigh unanimous in stating that the training in report writing was one of the most valuable parts of their work in the School and one which they were able, in a great many instances, to use to especially good immediate advantage in their jobs.



## CHAPTER XII

# The Business School Library

### *Dean Gay's Anticipations*

In his report for 1908-1909, on the completion of the first year of operation of the School, Dean Gay made the following statement regarding its embryonic Library:

The School has begun to receive reports of companies, and other business documents, some of a confidential character, which form the nucleus of a Business Archive and which immediately or ultimately will furnish material for instruction and study. Special arrangements are made at the Library for the safeguarding of documents designated as confidential. A considerable number of books, especially needed for the work of the various courses in the School, has been purchased during the year, and the Harvard library authorities have provided access to the stacks for the students of the School. With the large collection of material on Economics, including an extensive series of railroad reports, already available in the Library, and with the new books and documents which the School will steadily provide, the means will be afforded for the development of the "problem method" of instruction aimed at by the School.

This statement by Dean Gay — like so many other statements he made in the early days — manifested a broad vision of the School's eventual development. He contemplated not only a collection of books but also an assembly of corporation reports and a "Business Archive" in which business documents, both confidential and non-confidential, could be stored. Dean Gay's reference to the part he expected the Library to play in the development of the "problem

method" of instruction also is to be noted. Thus, from the start, the Library was recognized as an integral part of the School, essential to its professional status.

### *Physical Facilities*

The Business School Library originally was housed in Gore Hall, the old University Library building which was soon to be torn down to make room for Widener Library. While these changes were in process, the School's few hundred books and pamphlets were housed in a small room in Lawrence Hall which was equipped as a reading room through a gift of five hundred dollars from Mr. Daniel W. Field. Upon the completion of Widener, the Business School was assigned a room on the seventh level of that building — with no elevator service for students — and there, with a little additional space, the Library of the School remained until Baker Library was built, about fifteen years later. Some members of the University who never had become reconciled to the establishment of what they termed a mercenary enterprise at Harvard especially resented the Business School Library in Widener. The attitude of those critics was reflected from time to time, for example, in hostile editorials in the *Harvard Crimson*, the undergraduate newspaper.

Baker Library held a central location at the Soldiers Field plant, with a beautiful, large reading room, very different from the cramped facilities to which Business School students were accustomed, and it had what was expected to be ample stack space for many years to come. Part of the Library building had to be used for classrooms and other purposes, however, and the Library collection grew so rapidly that by the end of World War II space again was a problem. In his report for 1952-1953 Dean David referred to "the excessive crowding in the stacks" and pointed out that some of the overflow on the eighth stack level had been temporarily placed in wooden boxes along the wall. The crowding would have been much greater had it not been for the policies which were adopted soon after the move to Soldiers Field for controlling the growth of the Library collection.

*Early Days*

The University Library had many volumes on economics which were available to the Business School. On the subject of business administration, however, the literature until after World War I was very meager. The School's collection policy during the early period was the simple one of purchasing all books and periodicals that were available and suitable for student assigned readings and for reference. Under that policy, the total expense incurred for the Library, including the salary of the Superintendent of the Reading Room, was 1000 dollars in 1908-1909, 3000 dollars in 1914-1915, and 5,667 dollars in 1916-1917.

A small but significant start was made during those years in gathering business records: corporation reports, account books, and correspondence. About 1916 Mr. Arthur H. Cole, a graduate student in economics and assistant to Dean Gay in his undergraduate course in Economic History, while doing field work for his doctoral thesis ran across a set of the old records of the Slater Mill, the first cotton manufacturing concern in America. Those records had been stored in a wool shed in Webster, Massachusetts. At Dean Gay's suggestion Mr. Cole arranged to have them transferred to the Business School Library. I still recall the scholarly glee with which Dean Gay told me of Mr. Cole's discovery. That was one of the first items in the Business Archive.

When Mr. Donham became Dean he very soon launched an aggressive program for the expansion of the Library collection. He had an inherent fondness for books and a lively appreciation of the value of historical as well as current records of business development. In 1920 the first Librarian of the Business School, Mr. Charles C. Eaton, was appointed, and the rapid expansion of the Library got under way. Mr. Eaton was an indefatigable collector. He not only purchased business books and periodicals but he also sought to cover the borderlands. For example, he acquired a collection of early Federal State Papers which had once belonged to President John Quincy Adams, a mass of Federal documents per-

taining to later Congresses, and a large number of foreign governmental documents of various descriptions.

In 1924 — when the Business Historical Society was chartered under Massachusetts laws, by a group of businessmen, for the collection and preservation of business historical material — Dean Donham arranged for the Society to make the Business School Library the depository for its collections. The Society collected materials not only from Eastern localities but throughout the country.

The Business Historical Society, at a somewhat later date, helped the School to finance the publication of studies in business history, and under the auspices of that Society the publication of the *Quarterly Journal of Economic and Business History* was started at the School in September 1928 and continued until 1932.

In 1924-1925 Dean Donham reported that only a small portion of the year's accessions had been catalogued and made available for use. The rooms assigned in Widener Library were filled to overflowing and large sections of the School Library had been moved elsewhere. The material on Labor was in a room in the basement of the Harvard Union; a valuable pamphlet collection of railroad material was in the cellar of the Semitic Museum; and another large collection of foreign government and statistical material was on the top floor of the Peabody Museum.

### *Baker Library: Collection Policies*

When the School moved to the plant on Soldiers Field all the scattered accumulations of books, periodicals, corporation reports, manuscripts, and other documents were brought together in Baker Library to be sorted, classified, and arranged for use. It soon became apparent to the Dean that new administrative assistance was required to formulate and enforce collection policies; the scene had shifted from a dearth of material for collection to a plethora, and Mr. Eaton's enthusiasm for collection, to say nothing of the Dean's own collecting proclivities, needed to be balanced by someone with an eye on the budget. Consequently, in 1929, the Dean

arranged for Professor Arthur H. Cole of the Harvard Department of Economics, the discoverer of the Slater papers, to join the administrative staff of the Library to see to it that expenditures were kept within the budget. The Dean, however, did not make it clear to Mr. Eaton and Dr. Cole at the outset just what the jurisdiction of each was to be, and in the ensuing confusion Mr. Eaton presently took an assignment outside the Library and Dr. Cole was appointed Librarian. In 1935 Mr. Donald T. Clark, a young man experienced in library administration, was appointed Assistant Librarian, and when Dr. Cole retired, in 1956, Mr. Clark succeeded him as Librarian.

As soon as he became Librarian Dr. Cole undertook to formulate acquisition and other policies for the operation of the Library. His general directive from Dean Donham was to purchase all worthwhile books in the field of business, both historical and current, within the limits of the Library budget. The Dean realized, of course, that the School could not possibly acquire and house everything pertaining to business which then was coming off printing presses. The phenomenal increase in business literature during the first twenty years of the School's life vividly reflected the changes taking place in the business world.

One of the first steps in determining a specific acquisition policy was to formulate an appropriate and feasible division of subjects between the Business School Library and the other libraries of the University, especially the Harvard College and the Harvard Law School Libraries. The main line of division decided upon was briefly as follows: the interest of the Business School Library was to start with the individual private enterprise and work toward public policy; whereas the interest of the Harvard College Library, serving both undergraduates and graduate students under the Faculty of Arts and Sciences, was to begin with economic theory and public policy and work toward the individual private enterprise.

Under that policy the Business School Library would be responsible for acquiring everything worth while in the areas of accountancy, factory management, investment banking, commercial banking, marketing, transportation, and other business management

subjects, but would not collect extensively in the fields of taxation, statistical theory, tariff policy, economic analysis, and other subjects in the field of economics. The two interests would overlap somewhat in certain areas. Both libraries, for example, would have some common interests in government regulation of industrial combinations, international commerce, commercial banking, railroad regulation, and agriculture. Both libraries also would have an interest in business and economic histories. But the effect of the policy was to keep the amount of overlapping to a minimum. Both libraries were open, of course, to use by all students and Faculty in the University. Comparable working arrangements were developed with the Law School Library.

After World War II increased attention was given in the Business School to certain aspects of taxation and agriculture. This led to some minor modifications of the acquisitions policy, but in the main the fundamental demarcation of interests continued in effect.

An exception to the then newly outlined acquisition policy had occurred in 1929, however, when the Business School acquired the Foxwell Collection. Dean Donham had learned that it might be possible to purchase for the Business School Library a large collection of works on business history and economic thought dating for the most part from about 1500 to 1850. The collection had been made by Professor Herbert Somerton Foxwell of St. John's College, Cambridge University, and it was one of three great collections of that type in the world. Although acquisition of the collection would mean that the Library thereafter would be responsible for collecting all worthwhile early economic literature, the Dean arranged in 1929 for an anonymous friend of the School to underwrite the purchase of the collection, and the negotiations then were carried through successfully. Delivery of the material was completed in 1938, and the total cost amounted to 180,209 dollars, a substantial part of which eventually was covered by a gift from Mr. Claude W. Kress. Mr. Kress also equipped special quarters in Baker Library to house this collection and later additions, henceforth known as the Kress Library of Business and Economics. The balance of the cost of the Foxwell collection was paid out of current income.

Dean Donham believed that the Foxwell collection supplied the roots for the material already assembled in Baker. He may also have been influenced in making this exception to the acquisitions policy by his personal fondness for rare books and a human desire to impress his friends in the Economics Department, who did not always refrain from indicating that in their view the Business School was a rather second-rate place intellectually. In any event, Dean Donham's zeal and resourcefulness did enable the University to obtain a collection which is a real treasure.

After the Foxwell Collection was acquired, the Harvard College Library transferred to the Kress Library, insofar as they did not already exist in that Library, its unrestricted items catalogued under "Economics," with an imprint date of 1850 or earlier. Over 1700 items were included in that transfer. Also, any historical items dealing with business and economics were transferred to the Kress Library from the Harvard Law and Boston Public Libraries. Other gifts and purchases have added to the richness and diversity of the Kress collection and made the Kress Library an invaluable source for the social, economic, and business historian. One notable gift, from Homer B. Vanderblue — once a professor at the School and subsequently Dean of the School of Commerce at Northwestern University — consists of an almost complete collection of the writings of Adam Smith. In 1955 there were in the neighborhood of 30,000 items in the Kress Library.

The policy establishing lines of demarcation between the Business School Library and other libraries in the University necessitated an examination of the materials already in the Library with a view to weeding them out. Dr. Cole, for example, among other items found a sizable run of large volumes concerned with French patents; and then there were another ten or a dozen shelves of books all written in shorthand: *Aesop's Fables* in Pitman, and the like. As a result of the weeding-out process, in one year more books were decatalogued and disposed of than were purchased. In a couple of other years the disposals almost equalled the acquisitions.

Dr. Cole also found that the Library had a collection of engineering and other technical journals. In a memorandum to members of

the Faculty Library Committee in May 1932, he raised a question as to the policy to be followed with respect to such materials. In reply, Professor Callan, Chairman of the Committee, had some interesting things to say about "tangible goods" and the inadvisability of conceiving of "business as dealing habitually only with transactions, records, negotiations, bargains, and values relating to these goods."

Professor Callan went on to say:

The physical side of manufacturing is certainly a concern of the engineer as well as of the businessman, but I think we need not be so generous to the engineering profession as to accord to it the whole responsibility of understanding the tangible things that are marketed and accounted for, and the broad outlines of the means for making them. May I turn the calendar back even beyond Alice in Wonderland and call upon Mother Goose for exposition? You remember "A was an Apple Pie, B bit it, C cut it, D dealt it," and so on through "G got it — and L longed for it." I wonder whether the business brotherhood, and particularly its financial group, does not sometimes start with B and fail to be sure whether A really was an apple pie or a lemon pie — or just a lemon.

From the teaching viewpoint it seems to me that the student gains a great deal — perhaps more than appears — through developing the habit of starting with a firsthand interest in the tangible, physical things that business is about, and developing the mental idea-patterns, capacities, and attributes that are adapted to integrate and include such interests and to keep the physical basis as the foundation of all his superstructure.

The collection of business records, which went on at a rapid pace in the 1920's, also needed reconsideration. It was becoming apparent that the quantity of old business documents which had survived throughout the country was far too voluminous for a single library to collect and preserve. Institutions in other parts of the country, moreover, had begun to object to the Harvard Business School's taking away local records, even though those institutions previously had made no effort to collect and preserve them. Consequently, to conserve space and also to encourage other institutions to gather business records in their own territories, the Business School decided to limit its collection of such documents to New



England; items already collected from other parts of the country were transferred to institutions in San Francisco, St. Louis, Michigan, Baltimore, and New Haven.

Even with the geographical limitation on the collecting of business documents, the Library could not keep pace with the material that flowed in. In 1955 a goodly supply of business manuscripts still remained to be systematized, and many of them were stored in packing cases in the underground passageways between the dormitories, truly a Business Archive.

After 1930 corporate financial reports and related materials were set up as a separate collection, known as the Corporation Records Collection. Acquisition of such reports had begun as soon as the School was founded. The College Library, in fact, had turned over its stock of annual reports, relating mostly to railroads, to support the first efforts at collection by the School. From 1908 to 1929, however, almost everything received that pertained to individual corporations drifted into the files where the annual reports were kept: company anniversary pamphlets, advertisements of products, presidential speeches, and so on. After 1929 these miscellaneous additions were discontinued, and gradually the nonfinancial materials in the folders were winnowed out. The Corporation Records Collection became very comprehensive and has been used extensively by students, members of the Faculty, members of the research staff, scholars from other institutions, and businessmen.

Another special collection set up in Baker Library was the Aldrich Library of Finance, consisting of about ten thousand volumes from the personal library of the late Senator Nelson W. Aldrich. That collection was housed in an attractively furnished room, called the Aldrich Room, dedicated in 1929. In 1953-1954 the Aldrich Room was rearranged to provide a place for student recreational reading; current books — purchased from a fund given in memory of Philip Cabot — were placed there.

After World War II a special collection on transportation also was set up in a room in Baker Library. There were housed a collection of material on railroad transportation, donated to the School by Mr. L. K. Sillcox, and material on the business aspects of

aviation. The aviation collection was started with allocations from the Aviation Research Fund, and subsequently it benefited by gifts from Mr. William A. M. Burden and Mr. Albert I. Lodwick.

### *Development of a Classification System*

The subject of library classification is a technical one, not readily comprehended by a layman. A useful classification of its literature is expected by the users of any library, but, like the edge on a knife, is likely to be appreciated only when it is not there.

In his report for 1927-1928, Dean Donham took up this matter. He said, in part:

During the year, a beginning was made on a more complete classification system as applied to Business Literature. Our present classification was made in the early years of the School before the Faculty had an adequate basis for the work. It is very expensive to change but a welcome gift makes substantial progress possible. Concomitant with this classification work, a start has been made upon building up an adequate cataloguing organization. Many books which have been stored for several years have been made available.

The development of the new classification system went on over a five-year period, and in 1931-1932 Dean Donham reported as follows on the results:

The importance of this project [for working out a new classification system] cannot be overestimated, since the three systems of library classification employed most widely in this country — the Library of Congress, the Dewey, and the Cutter Expansive — were devised before business literature had attained unwieldy proportions. Business was, therefore, squeezed into these systems in a somewhat unsystematic fashion. To accomplish anything like a logical, self-consistent result, a fresh start was necessary.

To design a framework into which would fit the mass of books, pamphlets, reports, and manuscripts dealing with past, present, and future was indeed a staggering task; to say nothing of the literature of the subjects lying on the borderlines between business and other fields of knowledge: such subjects as statistical theory, public finance, trade union policy, and social insurance. The form

of notation chosen was predominantly literal, as in the Cutter Expansive, because of the greater flexibility. The new system fits into the broader analysis of the Library of Congress which is most widely recognized in American libraries. After experimentation, the analysis chosen was along functional lines analogous to those followed in our curriculum.

During the last year, with the framework practically complete, this was printed in a preliminary edition for further study and criticism. In the meantime, final publication for general use is being postponed while Baker Library itself tests the strength and fitness of the classification by recataloguing some of its own material. For our own needs, this is being accompanied by an intensive elaboration of subject headings within the various subdivisions of the new classification, and this is being done, we believe to the best advantage, gradually during the course of recataloguing sections of our own library.

Libraries which have kept in touch with the project have expressed great interest, and by the time final publication is advisable and financially possible, the result should be a significant contribution to many libraries and their multitudes of users.

The development of the classification carried on at Baker Library is notable on four counts:

1. It could not be undertaken effectively until the Business School program of instruction had developed far enough to determine with reasonable assurance the main functional and institutional divisions of the field of business administration. The Library classification was a direct outgrowth of the development of the School's program of instruction.

2. The classification program was a large undertaking, but if it ever was to be done, it had to be put through as expeditiously as possible after the School moved into its new quarters. If the reclassification had been postponed for ten years or longer, the cost would have become prohibitive. Dean Donham recognized the problem and, in his customary resourceful manner, he found the means of solving it.

3. The reclassification worked out at the Business School between 1927 and 1932 has been widely adopted by other libraries, including the libraries of business firms as well as institutional

libraries. Thus the School made a constructive contribution to library management.

4. The need for developing a new classification of business literature emphasized further the differentiation of business administration from applied economics.

### *Operating Summary*

In 1954 the Library had 279,520 catalogued books and an estimated equivalent of 31,143 uncatalogued volumes. From 1945 to 1954 the average number of volumes added to the Library collection annually was 6578, with a trend toward an increase to 8000 to 10,000 a year.

Until 1920 the full-time personnel employed in the Business School Library was one man, the Superintendent. Students were employed on a part-time basis to work at the Circulation Desk, and the facilities of Widener Library were utilized for cataloguing and other backstage work. By 1927 the number of persons employed full-time had increased to 19, and in 1929-1930 the high point was reached with a total of 74 full-time employees. Thereafter, the number declined, eventually stabilizing at around 40. Some students continued to be employed on a part-time basis.

The Library personnel, it should be noted, has included not a few of the women who have contributed so loyally and effectively to the development of the School. Among them were Mrs. Grace Bowser, head of the Acquisitions Department for over twenty-five years; Mrs. Anna E. Spang, who held several positions, most recently serving as head of the Circulation Department; Miss Mildred Holt, the first Curator of the Corporation Records Collection; Miss Etta Philbrook, the genial and helpful Supervisor of the Reading Room; and Mrs. Stella Kerr, who during her nearly thirty years of responsibility for the Circulation Desk made hosts of grateful friends among both students and Faculty.

The total expense of operating the Library, which had reached 5667 dollars in 1916-1917, increased to 111,658 dollars in 1927-1928 and to 203,051 dollars in 1954-1955. While the total ex-

pense varied from year to year according to special circumstances, the cost of books purchased, except when a special acquisition was made, generally amounted to somewhat less than 10 per cent of the total cost of operation.

In addition to performing its primary function of serving the students, research staff, and Faculty of the Business School, the Library has been used by many persons outside the School, mostly businessmen and educators.

## CHAPTER XIII

# Sharing Ideas

Dean Gay, Dean Donham, and Dean David all were men of creative ideas and they had the resourcefulness and administrative ability to convert many of their ideas into realities. Each of the deans, moreover, not only generated ideas of his own but was receptive to those from other sources and, in fact, eagerly sought constructive suggestions among staff and associates on the Faculty and among business and professional acquaintances. They sought also, by a variety of means, to make widely available the results of work done and ideas developed at the School. Many instances of exchanging ideas have been cited in the preceding pages, among them the advanced and middle-management programs of instruction, the consulting work by the Faculty, the gathering of cases and their publication and distribution, other research studies and publications, the Library classification system, reception of visitors at the School, the businessmen lecturers, the many speeches made by members of the School Faculty, and the company training programs in which members of the Faculty have participated. This chapter seeks to round out the picture of the exchange of ideas between the School and the outside world.

A true interchange of ideas, by the very nature of the process, leads to the creation of further and usually better ideas. Faith in this concept of building through sharing has been at the heart of the Business School undertaking, shaping its goals, its research work, and its methods of instruction.

### With Educators

College and university administrators and teachers in general are notably open with each other in exchanging information about their experiences, and that has been very true in the field of business education. Administrative officers and teachers of the Harvard Business School have made many visits to other institutions, and numerous educators have been welcomed at the School. Those visits have been supplemented by a large volume of correspondence.

The Dean of the Business School, accompanied by a few professors and members of the staff, has attended each year the meeting of the Association of Collegiate Schools of Business. The chief purpose of the Association's meetings has been to enable the Deans of all the business schools in the country to exchange ideas. A history of that organization and its activities would be a sizable monograph in itself. As of July 1, 1956, 70 schools of business held full memberships in the Association and 12 held associate memberships.

There also have been several special arrangements which facilitated interchanges of ideas among educators. For a number of years prior to World War II, for example, the General Education Board each year provided funds for Visiting Fellowships which enabled three or four administrative officers and teachers from Southern schools of business administration to spend a year at the Harvard Business School. While at the School, these Visiting Fellows sat in at classes, observed research operations, attended Faculty meetings, and engaged in many informal discussions with members of the Faculty. That program was resumed in 1948 for a two-year period. Reference already has been made to the summer seminars for visiting professors interested in the collection of cases for teaching.

In the business history field, the School published the *Quarterly Journal of Economic and Business History* from 1928 to 1932, and that journal circulated chiefly among the academic fraternity; from 1926 to 1953 the *Bulletin of the Business Historical Society* also was published. In 1954 the *Bulletin* was superseded by the *Busi-*

*ness History Review*, a quarterly publication edited by members of the Faculty of the School, which aimed at furthering studies of the broad background of present-day business conditions and practices.

In quite a different area, members of the Faculty of the School cooperated with the Army Industrial College in its program of instruction before World War II. In recent years, moreover, several members of the Faculty have served as guest instructors at the Army Supply Management Course, a three months' educational program for Army Supply officers conducted, partly with the use of cases, at Fort Lee, Virginia.

The foregoing examples are merely illustrative of the many associations between the Business School and other educational institutions and programs.

### *With Alumni*

After World War II, Dean David undertook to have the Alumni Association reorganized and revitalized. A full-time Director of Alumni Relations, Mr. Donald M. Wright, was appointed in 1947 and under his guidance a new program was developed. One of the chief aims was to bring the graduates of the School, an increasing number of whom were attaining positions of responsibility in business, government, and education, into closer relation with each other and with the School.

Shortly after the School moved into the plant at Soldiers Field, a practice was inaugurated whereby conferences for discussion of current business problems were held during the annual Alumni reunion. After World War II, under the new program, the annual Alumni Conferences developed into large-scale affairs. The conference held in June 1955, for example, had an attendance of 1798 men from 38 states and 5 foreign countries.

Beginning with the conference of 1948, the addresses and discussions at the Alumni Conferences were summarized and published. The titles of those publications signify the keynotes of the



several conferences: *The Responsibilities of Business Leadership*, *Individual Initiative in Business*, *Thinking Ahead for Business*, *Getting Things Done in Business*, *How to Increase Executive Effectiveness*, and *The Management Team*. Those annual conferences were sponsored and organized by the Alumni Association.

Members of the Alumni Association also arranged several all-day regional meetings, in which members of the School Faculty participated. Members of the Faculty also attended numerous meetings of the local Alumni Clubs each year.

### *With Businessmen*

Because of its determination to carry on field research and to teach by the case method, the School has been peculiarly dependent on the business community, including of course the growing body of alumni. Dean Donham used to remark to business friends: "We have turned ourselves into human sponges." This attitude of receptivity, the resolve to find out what actually was going on in business, was characteristic of the School and, through the generous cooperation of businessmen, it led to many successful research projects and to the development of a realistic program of instruction, with its hard core of basic courses.

As its experience broadened, the School developed many creative ideas which have been made available to businessmen and which it has been hoped were helpful. Several members of the Faculty, moreover, have taken an active part in various associations of business and professional men, as for example, Professor Howard T. Lewis in the National Association of Purchasing Agents, Professor Harry R. Tosdal in the National Sales Executives Association, Professor Malcolm P. McNair in the National Retail Dry Goods Association, Professor T. H. Brown in the American Statistical Association, Professor Neil H. Borden in the American Marketing Association, Professor George P. Baker in the Transportation Association of America, and Professors Thomas H. Sanders, Ross G. Walker, and Clarence B. Nickerson in the several accounting associations.

## WEEK-END CONFERENCES

One of the somewhat more formal means of exchanging ideas with businessmen was through week-end conferences. The first were held at the suggestion of Professor Philip Cabot. Professor Cabot had joined the Business School Faculty in 1925 after retiring from a successful career in the investment banking business. He gave instruction in public utility management and in the relation of business to government. He had a stimulating personality, a puckish wit, and a real knack for teaching. Some of his views were unorthodox, but that only served to arouse livelier discussion among his students.

In May 1934 Professor Cabot proposed to the Dean "that a series of meetings be held of a group of business executives between the ages of 30 and 50 to deliberate on the problems arising from the new relationships between government and business and to provide a background for an understanding and discussion of national affairs." Professor Cabot was desirous of finding some avenue by which the School might have a more immediate influence on business thinking than came from the long-range training of M.B.A.'s. His purpose was not to tell business executives what to do but, rather, to start them thinking about certain ideas.

The proposal was approved and four meetings were held at the Business School in the spring of 1935. About 70 businessmen from numerous types of industrial and financial enterprises in various parts of the United States attended those sessions. The meetings were held on Saturdays and Sundays and came to be known as the "Cabot Week Ends."

Those week-end meetings were continued until World War II, with four to six sessions each year. Professor Cabot planned and supervised the programs and presided at many. The speakers included members of the Faculty and also selected outsiders. My recollection is that Professor Cabot invited one or two rather radical speakers, to let the businessmen hear their views at first hand. Ample opportunity was provided for discussion from the floor, and

each Saturday evening a dinner meeting or group of dinner meetings afforded further opportunity for informal discussion.

The subjects of the Cabot Week Ends were varied, and they aroused great interest and enthusiasm among the participants. At the conferences held during the first two years the subjects discussed were chiefly new national policies affecting business management. Starting in 1936-1937, the subjects were more basic in nature and emphasized particularly the results that were beginning to flow from the research carried on by Dr. Mayo and his associates in the field of human relations.

The last Cabot Week End conference, held in the spring of 1941, was designed primarily to inform the smaller business firms in the New England area as to what was going on at the Capital in preparation for war. Subjects included the role of small business in defense, subcontracting, priorities, government procurement problems, and contractual and other dealings with the government. Speakers included members of the University Faculty, officers of the Army Procurement Services, and officials of the Office of Production Management. More than 250 executives and senior officers of New England concerns attended.

In 1936-1937 and 1937-1938 two similar series of week-end meetings were organized by Professor McNair, the first for a discussion of "Price Policies in Relation to the Competitive System," and the second for consideration of the causes of the 1937 depression.

In 1940 Professor Joseph L. Snider held the first of a series of week-end conferences with business economists at which views were exchanged on the analysis of business conditions. That group, which included about twenty men, continued to meet several times each year. After Professor Snider was incapacitated by illness, Professor Charles A. Bliss took over the arrangements for the conferences.

In March 1943 a week-end conference was held, under the leadership of former Dean Donham, for discussion of "What Should a Business Be Doing Now for the Postwar Period — Labor Relations, Finance?" And, in the postwar years, a series of annual

week-end conferences with a group of railroad executives was inaugurated by Professor George P. Baker.

In addition to the week-end conferences, there have been summer conferences at the School of the Young Presidents' Organization, the Institute for College and University Administrators, the National Retail Dry Goods Association store management and personnel groups, as well as meetings of several other business groups.

#### HARVARD ADVERTISING AWARDS

Each year from 1924 through 1930 the Business School administered what were known as the Harvard Advertising Awards. In a foreword to the volume in which a record of the Awards for the first five years was published, Dean Donham acknowledged the debt of appreciation which the School owed to Mr. Edward Bok, president of the Curtis Publishing Company, who originated the idea. Dean Donham stated, in part:

In 1923 Mr. Bok brought the idea of the Advertising Awards to the School and asked if we would care to experiment with them. He had an intense interest in advertising and had given much of his time and thought to it. He saw in it not only a force of value to business but one which carried much of social consequence. He wished to stimulate in it an improvement such as he had helped to bring to many American modes of life and thought in his long career as an editor.

Mr. Bok gave us the idea and provided liberally for establishing and carrying on the Awards, but he placed full responsibility for their development and administration in our hands.<sup>1</sup>

The task of making the arrangements for this undertaking was assigned to Mr. Borden, an Assistant Dean in 1923, soon to become a Professor. Much of the success of the enterprise was due to his diligence and administrative ability. The Awards made in 1924 included three for advertising campaigns, two for research, three for individual advertisements, and a gold medal for Distinguished Service to Advertising. Some changes in the number of awards were made in other years.

<sup>1</sup> *First Five Years, Harvard Advertising Awards, 1924-1928* (New York, McGraw-Hill Book Company, 1930).

Decisions as to the Awards were made by a jury consisting of twelve members each year — including, usually, nine advertising experts, Professor Bordon, a professor from some other university, and myself as chairman. It was a very difficult matter to choose between all the material placed before the Jury, and it was often quite a task for the chairman to get the members to make up their minds.

After Mr. Bok's death, in 1930, funds were not available for continuing the Awards. The cost had amounted to twenty-five to thirty thousand dollars each year, and was increasing.

In retrospect it is clear, I believe, that the Advertising Awards project did not fit into the School's over-all program. The School certainly gained many helpful friends during the seven years that the Awards were given, and it also acquired background material and ideas useful in teaching. Furthermore, some improvements in advertising, such as Mr. Bok hoped for, were encouraged. Nevertheless, the School was merely an agency for carrying out the plan. It assembled the material to be judged, appointed the jury each year, and announced the Awards. In itself the Advertising Awards project was a meritorious undertaking, and it was a successful one, but it was not one to which it would have been worthwhile for the School permanently to assign any of its limited man power.

#### THE HARVARD BUSINESS REVIEW

In February 1917 a tentative plan was formulated for the publication of a professional journal by the Business School. The eruption of war a couple of months later inevitably put an abrupt end to that proposal.

In 1921, however, Dean Donham brought forward a new plan which resulted in the starting of the *Harvard Business Review*. The first number was published in October 1922. Here was a project which, unlike the Advertising Awards, dovetailed into the School's broad strategy of operations; through the *Review* the School could make substantial contributions to business education, and the *Review* itself could be of service throughout the whole gamut of instruction at the School.

Under the original plan, the *Review* was published quarterly and consisted of two main sections. The first section was edited by the Faculty. Professor Tosdal was placed in charge of that section, and he continued through the difficult developmental period to carry that responsibility in addition to a full schedule of teaching and other activities. The second section was edited by a student editorial board whose members were selected primarily on the basis of their scholastic standing at the end of their first year in the School; this arrangement was continued until 1937.

In his report for 1939-1940 Dean Donham explained the discontinuance of the Student Editorial Board as follows:

This scheme corresponded somewhat to the practice of many law schools. It was difficult, however, to decide at the end of the first year which men had scholastic and literary ability, and, inasmuch as our course covers only two years, it was essential that members of the Board be elected early in the second year. Also the two-year period of our course made for a lack of continuity in the Board. Furthermore, the nature of the Harvard Business Review is such that the general editorial policies were not always furthered by the use of student articles. Because of these disadvantages, we discontinued the arrangement two years ago.

Arrangements were made to have the *Review* published by the A. W. Shaw Company, and a contract was worked out which provided, in part, that "the Publishers will in each year pay to Harvard all net profits, if any, shown . . . to have been realized by the Publisher [of the *Review*]. . . . Such net profits received by Harvard shall be applied from time to time by the Dean of its Faculty of Business Administration for research in some field of business." When the A. W. Shaw Company was sold to the McGraw-Hill Book Company some years later, McGraw-Hill took over the contract for the publication of the *Review* on the same terms. In 1945 the School itself assumed the entire task of publishing the *Review*.

Dean Donham was full of enthusiasm for the *Review* venture. In his report for 1921-1922, he had expressed his optimism thus: "The *Review* will continue as a quarterly for a year at least, but the

ultimate intent is to issue it monthly. The change will be made only when the mass of material available for publication is so large that the editorial task becomes one of careful selection rather than of filling space." The next year the Dean in his report said of the *Review*: "The financial results of the first year met all hopes by showing a small profit. The earnings in a few years should be substantial."

Despite the Dean's optimism, it was about twenty-five years before the *Review* was able regularly to show more than a nominal profit, if any, and also before the material available was sufficiently abundant to warrant stepping up the frequency of publication. Once again the School found that a new venture takes longer to reach maturity than commonly is anticipated.

The editorial policy of the *Review* from the start was to maintain an analytical, exploring, thought-provoking approach toward problems of business administration, similar to that which characterized the School's teaching program. Articles were contributed by teachers in other universities, by business and professional men, and by members of the Harvard Business School Faculty.

From 1929 to 1935 Professor Tosdal was assisted by Professor Carl F. Taeusch and from 1935 to 1939 by Professor Joseph B. Hubbard, serving as Managing Editors. In 1939 Professor George E. Bates became Editor. In 1943 Professor Lewis was appointed Editor and Professor Edward C. Bursk Managing Editor. In 1947 Professor Lewis became Chairman of the Editorial Board and Professor Bursk was appointed Editor.

The net paid circulation of the first issue of the *Review* was 4420 and of the fourth issue, 5200, but the anticipated increase in circulation beyond that number did not materialize. Instead, circulation soon began to show a downward trend and in 1942 it sank to 2000 copies. After the School took over the full responsibility for publication, a more aggressive editorial policy was adopted and new promotional measures were introduced. In 1945 the paid circulation reached 14,000 copies, and by 1955 the paid circulation had mounted to 45,903. At that time 89 per cent of the subscribers were in top-management positions in business.

The increase in the number of subscribers and the greater recognition accorded the *Review* in various quarters rendered it more attractive to potential contributors in the years subsequent to World War II. Hence more material became available for publication, and, beginning with the issue of January 1948, the frequency of publication was stepped up to six times a year. Another indication of interest in the *Review* was the fact that in one post-war year over two hundred thousand reprints of articles appearing in its pages were ordered.

As the circulation increased, moreover, larger income was received from subscriptions and greater revenue from advertising. The *Review* became self-supporting and even was able to accumulate a comfortable reserve for special editorial projects.

In 1955, Professor Bursk submitted a memorandum to the Dean in which he summarized the objectives and the editorial policies of the *Review* as they stood after the School had had thirty-five years' experience in putting out that publication. I can do no better, I think, than to quote a portion of Professor Bursk's memorandum:

We conceive our specific assignment to consist of (a) "stretching the thinking" of businessmen immersed in their jobs and removed from the cultural, social, and ethical influences characteristic of intellectual inquiry; (b) encouraging businessmen to recognize and accept their responsibilities to their employees as individuals with human dignity, and to the broader community of which they are part (local, national, and international); and (c) presenting to businessmen analysis of current or developing trends, problems, techniques, and theories in such a way that they can follow the reasoning of the authors (including both pros and cons) and come to their own considered conclusions. In the tradition of the Business School and the University, we have scrupulously avoided articles purporting to supply easy or final answers.

We try to accomplish this objective (a) by calling on the best minds we can to write for us on what we consider to be the most significant subjects (though nearly 400 articles per year now come in unsolicited, these provide only about half the 60-odd articles we publish in six bimonthly issues); and then (b) by extensive "creative" editing to fill out the gaps in the author's treatment and to clarify the trend of thought for maximum comprehension and



readability (subject, of course, to the author's approval — and most of them are pleased to find that we have in fact strengthened their articles). As a result, our articles tend to run from two to five times as long as any in other business publications.

Approximately 20 per cent of the articles we publish come from the Business School Faculty (most of them stemming from Division of Research projects); 20 per cent from the faculties of other academic institutions (again, most of them based on research); 40 per cent from business sources (just as the School does for its classroom teaching and research, we draw on the experience of the business world and interpret it with insights and scales of value); and 20 per cent from lawyers, government officials, and labor leaders. . . .

In general, our "working" editorial policy (as contrasted to our long-run objective) is to cover subjects which will be relevant to the understanding and handling of policy at the top administrative level. In so doing, we try to stay distinctly ahead of our readers' thinking, rather than giving them mere restatements of material they already know, but not so far ahead that we lose them. Actually, we take great pride in the belief that we have helped to upgrade both the reading and the thinking of a large segment of top management; and we have not hesitated to publish articles critical of business practices when we felt it was constructive to do so.

#### HARVARD BUSINESS REPORTS

By 1924 the School had accumulated quite a stock of cases, the best of which were published in the printed casebooks or used temporarily in mimeographed form. Some teachers in other institutions were of the opinion that they could make better use of the case method of instruction if they had available all the worthwhile unpublished cases. Consequently the Bureau of Business Research was asked by the Dean to consider means whereby all the useful cases in its files could be published.

It quickly became apparent, however, that publication would be practical from a commercial publisher's standpoint only if the books could find a market among businessmen. Hence it was decided to put out a series of volumes aimed at the business as well as at the educational market. The series was to be known as the

*Harvard Business Reports*, and in each volume a selected group of cases was to be published.

In the foreword to the first volume of the *Harvard Business Reports*, published in 1926, the following statement was made:

Although the primary object in gathering cases has been to provide material for teaching in the Harvard Graduate School of Business Administration, it is believed that the results will be useful to businessmen, just as the results of its studies of operating expenses in retail and wholesale trades have been made widely available for immediate, practical application in business management. Numerous requests have been received from businessmen for information regarding the experience of other firms in dealing with particular problems. While the Bureau does not undertake to give advice, express opinions, or solve problems presented to it, it can make available the most significant cases that it has collected. A case which comes up in one firm commonly is analogous to the problems which other firms are facing, and the experience of one business firm, therefore, although the source is thoroughly disguised, helps to establish a precedent for the guidance of others in solving problems, analogous in principle, which arise under widely varying circumstances.<sup>2</sup>

The first volume, which was bound in sturdy buckram, contained 149 cases. Each case was preceded by a head note which indicated the chief topics dealt with in the case, and a comprehensive index was provided for cross-reference purposes.

Soon after that volume appeared, the publishers reported that most businessmen were loath to buy such a book without more guidance as to the significance of each case. Thus the Bureau had a merchandising problem on its hands. To meet that problem it was decided to append to each case an explanatory commentary, written by the appropriate instructor.

Altogether, between 1926 and 1932 eleven volumes of the *Harvard Business Reports* were published. The cost of preparing the volumes was heavy and the sales were not large; consequently the project was dropped.

Several related experiments in providing businessmen with cases

<sup>2</sup> *Harvard Business Reports* (Chicago and New York, A. W. Shaw Company, 1926).

also were tried. In view of experience, I think it is safe to say that for the general business reader cases are not so fruitful as the presentation of digested material. Cases need to be discussed, as they are in the classroom.

### *Overseas Relations*

In 1909 the first student from overseas registered in the regular course in the School, and thereafter almost every class included at least one foreigner. Before World War II, however, only occasional mild interest in the work of the Harvard Business School was shown by overseas colleges and universities. About 1950 a marked change took place and thereafter the School began to be flooded with inquiries and visitors from overseas, asking about the School, its methods of instruction, and the possibility of establishing similar educational facilities abroad. A substantial part of that new interest stemmed from foreign businessmen and can be attributed in considerable measure to the success of the Advanced Management Program, which had included in its classes each year a substantial group of men employed in overseas branches of American companies or employed in foreign concerns.

Among the foreign ventures in business education which materialized after 1950 was a graduate school of business administration in Turin, Italy, which was backed by a group of Italian industrialists. A member of the Faculty of the Harvard Business School served on the faculty of that Italian school each year from 1952 to 1956, and, after the first year, cases from the Harvard Business School collection were used in practically every course there, pending the gathering of an adequate stock of local cases.

In 1954 the Ford Foundation made available funds whereby a group of teachers could spend a year in the United States in preparation for the gathering of cases and the opening of a school of business administration in Istanbul. That school was to be connected with the University of Istanbul and it was to be supported both by the Turkish government and by local business concerns. Some of the Turkish teachers who came to America in 1954-1955

spent a substantial part of their time at the Harvard Business School, and later members of the School's Faculty went to Istanbul to help in the development of courses and teaching methods.

On January 1, 1955, the School set up an Office of Overseas Relations, with John B. Fox Director, to deal with the wide range of requests from abroad for help and guidance in matters of business education. One of the major activities of this office was co-operative work with the European Productivity Agency's program for teacher training.

In the summer of 1955 members of the Harvard Business School Faculty conducted a program of instruction for businessmen in Honolulu, at the University of Hawaii. In the following summer another group from the Faculty initiated a similar program at Manila, which was attended not only by men from the Philippines but also from elsewhere in Asia. Though shorter, those programs were somewhat on the order of the Advanced Management Program.

In 1956 businessmen in Germany and in Switzerland were preparing plans for programs of instruction in business administration which would involve members of the Faculty of the Harvard Business School. And visitors and mail inquiries were constantly being received at the School from other countries which wished to participate in the sharing of ideas.

Sixty years ago President Eliot made the suggestion for a school at Harvard patterned after the *École des Sciences Politiques*. Ten years later that suggestion evolved into the concept of a graduate school of business administration. Now the Harvard Business School has become the prototype for several new schools of business administration in Europe, and its methods of instruction are finding their way into far quarters of the globe.

## CHAPTER XIV

# Brief Résumé: an Era for Education in Business

The past fifty years, as Professor Lowell anticipated, have been an era for education in business. From a few scattered attempts at the turn of the century to provide some kind of educational assistance for men going into industry — mostly assistance of a quasi-technical nature — there have grown many strong college schools and departments as well as several graduate schools dedicated to giving professional instruction in business administration. It is interesting to observe that many of these business schools started out as schools of “commerce” and only later called themselves schools of “business administration.” This reflects, I think, the influence of the Harvard School’s choice of administration as the subject for instruction.

There also have grown up many programs for giving instruction to practicing managers — college and university and also company programs. When the Harvard Business School introduced its Advanced Management Program in 1943 it was the only school that had one, whereas in 1956–1957 there were eighty colleges offering courses to management. As we have seen, schools and management programs patterned after the Harvard experiment are still being developed in various widely separated foreign countries.

This book necessarily has been filled with many specific facts and figures. It is, as I warned the reader it would be, essentially

a case study. I should not want, however, the significance of this experiment in education to be buried under the facts.

Perhaps the most impressive aspect of the venture is that a great university with the highest scholastic traditions had the vision to see the need for professional education for business, and the courage to undertake to bridge the gap between the scholarly world and the world of trade. The decision to found an entirely new professional school for business at the graduate level was a momentous one and has indeed marked an era. In his Foreword to this volume, Dean Teele has pointed out the very great importance he attaches to the graduate feature of the School's work, with its implied understanding that educated men are needed as business administrators. The decision to found the School also, of course, reflected a belief that business management was a professional matter for which professional instruction could be provided advantageously.

Once the initial decisions were made, the new School, which in the beginning pretty much meant Dean Gay, was on its own. It was on its own financially and it was on its own educationally, to work out courses and methods of instruction, to find teachers with the needed insights.

That the School early turned to field research, first with its statistical series analyses and then with its case collection, seems to me to have been of prime importance in the development of the program of instruction. A concept of administration and of how to teach it was worked out over the years on the basis of facts, not theories. Businessmen themselves thus shared largely in the development of the School's program, and the area of reciprocal influence between School and business was constantly enlarged. I think it has been made clear that the School regards the case method of instruction as one of the most felicitous developments of its history.

That the instruction given at the School has been of practical value to its graduates is attested by their records and by the volume of applications for admission. The results of the emphasis which the School has placed on social responsibility and human factors are less easy to measure. Nevertheless, I believe them to be real,

and of substantial influence upon the growth of a professional spirit in the world of business.

The Harvard Business School began its life on about the smallest scale possible and with very little academic or business support. The idea of a professional school to give instruction in business administration to college graduates was not a popular one, to put it mildly. College people thought it presumptuous of business to expect academic recognition, and business people thought it presumptuous of academicians to think they could instruct businessmen. All this for the most part has changed. Business administrators and university administrators now are working together.

The School was started at a propitious time, although in 1908 this fact was not evident to many. The growing complexity of business and its changing structure, particularly the increasing separation of ownership and management, marked the rise of a new type of business function, namely, professional administration. Men were employed on a widespread scale to run the enterprises owned by others; and in the many small enterprises in which ownership and management continued to rest in the same hands, the increasing intensity of competition under the impact of mass production and mass marketing put a premium on skill and good judgment in administration. Also, social, economic, and political developments during the past fifty years gave new importance to the attitudes as well as to the abilities of business managers. There was a growing need for learned and responsible men in business.

The School was fortunate to have at its head men with the vision to see the importance of the role of the business manager and the need for developing an understanding of the nature of that role. They believed that the administrator needs broad knowledge, judgment and the ability to analyze and to decide, a gift for working with others, and an understanding of and respect for human and social as well as technical and business values. They had the wisdom to base instruction on facts, not theories — facts obtained from research in the field. And they had the insight to develop a method of instruction which allows the students to participate vitally in the learning process.

In an address before the University Club of Indianapolis in May, 1908, on the subject of "The University in a Democracy," President Eliot spoke at length about the new Graduate School of Business Administration which was to be opened at Harvard in the coming autumn. In that address he said:

This undertaking of the American universities to supply the leading men to all the professions, including business, is an interesting democratic phenomenon. The future, so far as it now can be read, is going to belong to the professions; they will guide not only courts, pulpits, medical practice, the practice of engineering, of architecture, and of agriculture, but business also. The nineteenth century has changed the significance of the word "profession," and the twentieth century will change it more. This is another element . . . in the universality of the work of institutions of higher learning.

Under the impetus of an idea generated by a handful of men and set into operation by Edwin F. Gay, the Harvard Business School in 1958 is completing its fiftieth year. Thousands have shared in the adventure — students, teachers, research workers, secretaries, administrators, businessmen. The record they have made for this School, and the records made by others for other professional schools of business administration, witness to the soundness of President Eliot's judgment when he declared that in the universe of the universities there is a place for business.



## Appendix

Business School officers of instruction and administration appointed by the Harvard Corporation, 1908 to January 1, 1958, exclusive of instructors, research assistants and associates, administrative assistants, training fellows, and certain other short-term or honorary appointments.

In the early days of the School all employees with appointments from the Corporation were eligible to vote on the Business School Faculty. As the number of such appointments increased, however, restrictions as to voting privileges were put into effect. Of the appointees listed below as active as of January 1, 1958 (without closing dates of employment), those with voting privileges include full, associate, and assistant professors and others specifically designated Member of the Faculty.

<i>Name</i>	<i>Years Employed at the Business School<sup>1</sup></i>	<i>Last Title Held to January 1, 1958</i>
Abbott, Charles Cortez	1937-1954	Edmund Cogswell Converse Professor of Banking and Finance
Ackerman, Laurence Justin	1953-	Visiting Consultant on In- surance Management
Alden, Vernon Roger	1951-	Associate Dean of the Fac- ulty and Member of the Faculty
Amory, Robert, Jr.	1948-1951	Visiting Professor of Law (Harvard Law School Fac- ulty)

<sup>1</sup> Leaves of absence not indicated.

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Anderson, Charles Arthur	1940-1941; 1945-1948	Assistant Professor of Business Administration
Andrews, Kenneth Richmond	1946-	Professor of Business Administration
Anshen, Melvin Leon	1935-1937; 1947	Visiting Lecturer on Business Administration
Anthony, Robert Newton	1940-	Professor of Business Administration
Applebaum, William	1954-	Visiting Consultant on Food Distribution
Atwood, Roswell Levi	1955-	Special Lecturer
Austin, Robert Winthrop	1951-	Professor of Business Administration
Babcock, Dr. Henry Holmes	1956-	Associate Professor of Business Administration
Bailey, Joseph Cannon	1947-	Professor of Human Relations
Baker, George Pierce	1936-	James J. Hill Professor of Transportation
Baker, John Calhoun	1923-1945	Professor of Business Administration
Balch, Francis Noyes	1930-1935; 1940	Associate Professor of Business Law; Lecturer on Business Law 1940
Barloon, Marvin John	1941-1946	Assistant Professor of Industrial Management
Barlow, Edward Robert	1946-1955	Assistant Professor of Research in Business Administration
Bates, George Eugene	1925-	James R. Williston Professor of Investment Management

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Bauer, Raymond Augustine	1957-	Ford Foundation Visiting Professor
Belding, Dr. Harwood Seymour	1942-1946	Assistant Professor of Industrial Physiology
Bennett, Earl Dean	1955-	Assistant Professor of Business Administration
Berle, Adolph Augustus	1926-1928	Lecturer on Finance
Bevis, Howard Landis	1935-1940	William Ziegler Professor of Government and Law
Biddle, Clinton Poston	1920-1939	Associate Dean and Professor of Investment Banking
Bishop, Harvey Powers	1925-1926; 1944-	Assistant Dean, Director of Case Distribution, and Member of the Faculty
Bliss, Charles Andressen	1937-	Professor of Business Administration
Blood, William Henry, Jr.	1916-1920	Lecturer on Public Utilities
Bollinger, Lynn Louis	1939-1954	Associate Professor of Business Administration
Borden, Neil Hopper	1921-	Professor of Advertising
Borrenson, Baldwin James	1954-1958	Assistant Dean, Associate Director of Admissions, and Member of the Faculty
Bradshaw, Thornton Frederick	1942-1943; 1946-1952	Associate Professor of Business Administration
Briggs, Leland Lawrence	1931-1932	Lecturer on Accounting
Bright, James Rieser	1954-	Associate Professor of Business Administration
Brown, Horace Brightberry	1955-1956	Visiting Professor of Business Administration
Brown, Milton Peers	1942-	Associate Professor of Business Administration

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Brown, Theodore Henry	1925-1955	Professor of Business Statistics (Emeritus since 1955)
Burchell, Durward Earle	1920-1923	Professor of Industrial Accounting
Burney, William James	1941-1943	Visiting Lecturer on Accounting
Burnham, Elizabeth Abbott	1927-	Associate Professor of Business Administration
Burrill, Cecil Lloyd	1934-1940	Assistant Professor of Accounting
Bursk, Edward Collins	1942-	Professor of Business Administration and Editor of the <i>Harvard Business Review</i>
Butters, John Keith	1943-	Professor of Business Administration
Cabot, Hugh	1946-1950	Lecturer on Human Relations
Cabot, Philip	1925-1941	Professor of Business Administration
Callan, John Gurney	1919-1940	Professor of Industrial Management
Carroll, Thomas Henry	1936-1945	Assistant Professor of Accounting
Carson, David	1955-1957	Lecturer on Business Administration and Member of the Faculty
Cary, William Lucius	1946-1947	Lecturer on Finance and Business Law
Case, Everett Needham	1939-1942	Assistant Dean and Assistant Professor of Business Administration
Catchings, Waddill	1920-1923	Lecturer on Labor Relations and Industrial Finance

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Chapin, Richard	1949—	Assistant Dean and Member of the Faculty
Chapman, John Forrest	1953—	Associate Editor of the <i>Har- vard Business Review</i> and Member of the Faculty
Cherington, Paul Terry	1908—1919	Professor of Marketing
Cherington, Paul Whiton	1950—	Associate Professor of Busi- ness Administration
Christensen, Carl Roland	1946—	Associate Professor of Busi- ness Administration
Cies, Ralph DeArmond	1938—1946	Assistant Professor of Busi- ness Administration
Claire, Richard Shaw	1940—1945	Associate Professor of Ac- counting
Clark, Donald Thomas	1940—	Librarian of Baker Library and Member of the Fac- ulty
Clodius, Robert LeRoy	1954—1955	Visiting Associate in Busi- ness Research
Coburn, Frederic Gallup	1914—1918	Lecturer on Factory Man- agement
Coffman, Paul Brown	1927—1936	Assistant Professor of Ac- counting
Cole, Arthur Harrison	1929—1956	Librarian of Baker Library; Professor of Business Eco- nomics (Emeritus since 1956)
Cole, William Morse	1908—1933	Professor of Accounting (Emeritus since 1933)
Coleman, Almand Rouse	1954—1955	Visiting Professor of Ac- counting
Collins, Lieutenant Com- mander Ernest Clifford	1943	Assistant Professor of Naval Supply
Conner, Lieutenant Colonel George Frederick	1941—1943	Associate Professor of Mil- itary Science and Tactics

*Appendix*

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Cook, Paul West, Jr.	1955—	Assistant Professor of Business Administration
Copeland, Melvin Thomas	1909—1953	George Fisher Baker Professor of Administration (Emeritus since 1953)
Corey, Edwin Raymond	1948—	Associate Professor of Business Administration
Cotter, Lillian Mary	1922—	Financial Secretary of the School
Cox, Clifton Benjamin	1957—	Visiting Research Professor of Business Administration and Member of the Faculty
Coyle, Darcy Crenshaw	1957—	Assistant Professor of Business Administration
Craig, Harold Farlow	1952—1955	Assistant Professor of Business Administration
Crone, Dr. Neil Louis	1946—	Professor of Business Administration and Director of Business School Health Service
Crowley, Augustus Francis	1910—1914	Superintendent of the Reading Room
Crum, William Leonard	1932—1935	Professor of Economics
Culliton, James William	1937—1952	Associate Professor of Business Administration
Cunningham, William James	1908—1946	James J. Hill Professor of Transportation (Emeritus since 1946)
Cutter, William Parker	1928—1931	Assistant Librarian in Charge of Classifications
Dalrymple, Dr. Willard	1957—	Assistant Physician to the Business School Health Service and Member of the Faculty
Dalton, John Edward	1928—1936	Assistant Professor of Business Statistics

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Dana, Ripley Lyman	1921-1923	Lecturer on Business Law
Darling, Dr. Robert Croly	1942-1946	Assistant Professor of Industrial Physiology
Davenport, Donald Hills	1929-1940	Associate Professor of Business Statistics
David, Donald Kirk	1919-1927; 1942-1956	Dean of the Faculty 1942 to 1955; William Ziegler Professor of Business Administration (Emeritus since 1956)
Davis, John Herbert	1954-	Director of the Program in Agriculture and Business and Member of the Faculty
Davis, Robert Tyrrell	1952-1957	Assistant Professor of Business Administration
Day, Edmund Ezra	1921-1922	Professor of Economics
Day, John Sidney	1950-1956	Assistant Professor of Business Administration
deHaas, J. Anton	1926-1947	William Ziegler Professor of International Relationships
Dewing, Arthur Stone	1919-1933	Professor of Finance
Dill, David Bruce	1936-1947	Professor of Industrial Physiology
Dillon, Theodore Harwood	1924-1925	Professor of Public Utility Management
Dirksen, Charles Joseph	1953	Visiting Professor of Business Administration
Donaldson, Gordon	1955-	Assistant Professor of Business Administration
Donham, Paul	1954-	Associate Professor of Business Administration
Donham, Richard	1930-1940; 1942	Assistant Professor of Business Policy; Visiting Lecturer on Business Administration 1942

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Donham, Wallace Brett	1919-1948	Dean of the Faculty 1919 to 1942; George Fisher Baker Professor of Administration (Emeritus 1948 to 1954)
Donnell, Samuel Howard, Jr.	1950-1954	Assistant Dean and Member of the Faculty
Dooley, Arch Richard	1949-	Assistant Professor of Business Administration
Doriot, Georges Frederic	1925-	Professor of Industrial Management
Dow, Herbert Beeman	1910-1918	Lecturer on Life Insurance
Downs, William Charles	1909-1911	Lecturer on the Economic Resources of South America
Drescher, Commander Carl George	1945-1946	Associate Professor of Naval Supply
Duncan, Delbert James	1937-1939	Lecturer on Marketing
Dunn, Albert Howard, III	1948-1955	Assistant Professor of Business Administration
Dunn, Henry Wesley	1931-1944	Professor of Finance (Emeritus 1944 to 1958)
Eastman, Helen	1921-	Secretary of the School
Eastman, Samuel Ewer	1951-1955	Assistant Professor of Business Administration
Eaton, Charles Curtis	1921-1932	Librarian of Baker Library; Assistant Dean
Ebersole, John Franklin	1930-1945	Edmund Cogswell Converse Professor of Banking and Finance
Eckler, Albert Ross	1932-1935	Assistant Librarian of Baker Library
Edwards, David Frank	1910-1912; 1926-1927	Associate Professor of Industrial Management



<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Ellington, Charles Gilbert, Jr.	1951-1954	Assistant Dean and Member of the Faculty
England, Wilbur Birch	1930-1932; 1952-	Professor of Business Administration
Enright, Ernest John	1954-	Lecturer on Business Administration and Member of the Faculty
Estes, Bay Edward	1933-1935	Assistant Dean
Ewing, David Walkley	1949-	Assistant Editor of the <i>Harvard Business Review</i>
Farley, John Wells	1908-1909	Lecturer on Municipal Administration
Farquhar, Henry Hallowell	1915-1926	Assistant Professor of Industrial Management
Fayerweather, John	1948-	Assistant Professor of Business Administration
Fechner, Robert	1920-1923	Lecturer on Labor Relations
Fenn, Dan Huntington, Jr.	1955-	Assistant Editor of the <i>Harvard Business Review</i> and Member of the Faculty
Fergusson, Donald Allister	1955-1957	Visiting Professor of Finance
Field, Fred Tarbell	1921-1923	Lecturer on Business Law
Fisher, Richard Thornton	1921-1924	Assistant Professor of Lumbering
Foley, James John	1952-	Assistant Professor of Business Administration
Folts, Defred Goo	1952-	Director of Placement and Member of the Faculty
Folts, Franklin Erton	1928-	Professor of Industrial Management
Forbes, William Hathaway	1938-1947	Assistant Professor of Industrial Physiology and Assistant Director for Research of the Fatigue Laboratory

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Foster, Clifford Alvin	1949—	Assistant Dean and Member of the Faculty
Foster, Esty	1928—1936	Assistant Dean and Instructor in Industry and Government
Foster, Francis Leon, Jr.	1948—1951	Assistant Professor of Research in Business Administration
Foster, Margery Somers	1957—	Special Lecturer Harvard-Radcliffe Program in Business Administration
Fox, Bertrand	1949—	Edsel Bryant Ford Professor of Business Administration and Director of Research
Fox, John Bayley	1937—	Director of Overseas Relations and Member of the Faculty
Fraser, Cecil Eaton	1921—1931; 1941—1947	Assistant Dean and Associate Professor of Business Administration
Frawley, Ernest David	1956—	Assistant Business Manager of the <i>Harvard Business Review</i>
Freeman, Rowland Godfrey	1950—	Visiting Associate in Business Research
Frese, Walter Frederick	1956—	Professor of Business Administration
Fuller, Stephen Herbert	1947—	Associate Professor of Business Administration
Gay, Edwin Francis	1908—1919	Dean of the Faculty
Germane, Gayton Elwood	1949—1952	Assistant Professor of Business Administration
Gibb, George Sweet	1941—1942; 1946—1949; 1952—	Editor of the <i>Business History Review</i> and Member of the Faculty

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Gibson, George William	1953—	Director of the Audio-Visual Aids Division and Member of the Faculty
Gilbert, Horace Nathaniel	1926—1929; 1940—1942	Visiting Lecturer on Business Administration
Gilmore, Frank Forster	1945—1951	Associate Professor of Business Administration
Ginger, Raymond Sidney	1952—1954	Assistant Professor of Business History
Glover, John Desmond	1942—	Professor of Business Administration
Goldberg, Ray Allen	1955—1957	Assistant Professor of Business Administration
Golden, Clinton Strong	1947—1955	Lecturer on Labor Problems and Member of the Faculty
Gordon, Lincoln	1946—1950; 1955—	William Ziegler Professor of International Economic Relations
Gormbley, William Paul, Jr.	1953—1954; 1956—	Assistant Professor of Business Administration, Assistant Dean, and Director of the Advanced Management Program
Gragg, Charles Insko	1923—1956	Professor of Business Administration
Gras, Norman Scott Brien	1927—1950	Isidor Straus Professor of Business History
Graves, Thomas Ashley, Jr.	1950—	Assistant Dean, Associate Director of the Doctoral Program, and Member of the Faculty
Gries, John Matthew	1914—1921	Assistant Professor of Lumbering
Grimshaw, Austin	1935—1943	Assistant Professor of Industrial Management

*Appendix*

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Gunn, James Newton	1908-1911	Lecturer on Industrial Organization
Hagler, James Allen	1953-	Assistant Professor of Business Administration and Assistant Dean
Haigh, Robert William	1950-1956	Assistant Professor of Business Administration
Hall, Chaffee Earl, Jr.	1953-	Assistant Dean, Director of Admissions, and Member of the Faculty
Hall, Harold Read	1950-1953	Professor of Research in Business Administration
Hanford, George Hyde	1946-1948	Assistant Dean
Hansen, Harry Louis	1935-	Professor of Business Administration
Hanson, Arthur Warren	1921-1957	Professor of Accounting (Emeritus since 1957)
Harding, Bruce Elmer	1956-	Assistant Director, Audio-Visual Aids Division
Harlan, Neil Eugene	1951-	Assistant Professor of Business Administration
Harris, Kenneth Sear	1940-1942; 1945-1948	Assistant Professor of Business Administration
Hart, James Kaull	1942-1950	Assistant Professor of Business Administration
Hassler, Russell Herman	1946-	Professor of Accounting and Associate Dean of the Faculty
Hawley, Henry Charles	1927-1931; 1942-1946	Visiting Lecturer on Business Administration
Healy, James John	1946-	Associate Professor of Industrial Relations
Hefflin, Lieutenant Colonel John Frank	1943-1945	Associate Professor of Military Science and Tactics

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Hesser, Lieutenant Commander Frederick William	1943-1945	Associate Professor of Naval Supply
Hettinger, Albert John	1920-1926	Assistant Professor of Business Statistics
Hidy, Ralph Willard	1957-	Isidor Straus Professor of Business History
Hobbs, William Joseph	1910-1913	Lecturer on Railroad Accounting
Hodges, Wetmore	1925-1928	Associate Professor of Business Research
Hofer, Philip	1942-1944	Assistant Dean
Holbrook, Luther Gardner	1940-1948	Assistant Dean and Assistant Professor of Business Administration
Holden, Dr. Robert Burrell	1954-1956	Physician to the School
Holway, Alfred Harold	1940-1947	Assistant Professor of Industrial Physiology
Honey, Helen Eleanor	1945-	Head of Catalogue Department of Baker Library
Hoopingarner, Dwight Lowell	1919-1920	Lecturer on Employment Management
Hoppin, Philip Burlingame	1935-1937	Assistant Dean
Horowitz, Daniel L.	1942-1943	Lecturer on Industrial Relations
Horwitz, James William	1927-1937	Assistant Professor of Business Statistics
Hosmer, Windsor Arnold	1921-1923; 1931-	Professor of Business Administration
Howard, Earl Dean	1920-1923	Lecturer on Labor Relations
Hower, Ralph Merle	1930-	Professor of Business Administration
Hubbard, Joseph Bradley	1934-1943	Managing Editor of the <i>Harvard Business Review</i> and Member of the Faculty

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Hunt, Pearson	1934-1935; 1940-	Professor of Business Admin- istration
Isaacs, Nathan	1923-1941	Professor of Business Law
Jacks, Stanley Martin	1955-1957	Special Lecturer
Jackson, Jacob Hugh	1920-1927	Professor of Accounting
Jeuck, John Edward	1955-	Professor of Business Admin- istration
Johnson, Dr. Robert Eugene	1942-1946	Assistant Professor of Indus- trial Physiology
Katz, Robert Lee	1956-	Assistant Professor of Busi- ness Administration
Kelley, Eugene John	1956-1957	Visiting Lecturer on Market- ing
Kennedy, Maynard Thomas	1956-	Visiting Professor of Busi- ness Administration and Member of the Faculty
Kennedy, William Dorsey	1924-1926	Assistant Dean
Kent, Samuel Leonard, III	1948-1951	Assistant Professor of Re- search in Business Admin- istration
Kevin, Captain Hugh William	1942-1943	Assistant Professor of Mili- tary Science and Tactics
Kindall, Alva Frederick	1955-	Professor of Business Admin- istration
Kipp, Laurence James	1954-	Associate Librarian of Baker Library and Member of the Faculty
Kneznek, Rose Winisky	1933-	Executive Secretary of the Bureau of Business Re- search
Kramer, Robert Christian	1956-1957	Visiting Associate in Busi- ness Research
Ladd, Dwight Robert	1954-1956	Assistant Professor of Re- search in Business Admin- istration

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
LaFollette, Charles De Von	1922-1925	Assistant Dean
Lancaster, Southworth	1943-1945	Lecturer on Transportation
Lane, Charles Chester	1911-1920	Lecturer on Printing and Publishing
Lane, William Coolidge	1919-1920	Lecturer on History of Print- ing
Langer, Leonard Charles Rudolph	1951-	Assistant Professor of Busi- ness Administration
Larson, Henrietta Melia	1928-	Associate Professor of Busi- ness History
Lawrence, Paul Roger	1947-	Associate Professor of Busi- ness Administration
Lawrence, Roy Henderson	1954-1958	Assistant Dean and Member of the Faculty
Learned, Edmund Philip	1927-	Professor of Business Admin- istration
Lenniham, Richard	1920-1927	Assistant Director of the Bureau of Business Re- search and Assistant Dean
Lewis, Howard Thompson	1927-1955	Chairman of the Board of the <i>Harvard Business Review</i> ; Professor of Marketing (Emeritus since 1955)
Lichty, Joseph Stoner	1938-1940	Assistant Dean
Lilley, Tom	1942-1948	Assistant Director of Re- search and Associate Pro- fessor of Business Admin- istration
Lincoln, Edmond Earl	1920-1922	Assistant Professor of Fi- nance
Lindberg, Ben Aksel	1946-1955	Associate Professor of Busi- ness Administration
Lintner, John Virgil, Jr.	1945-	Professor of Business Admin- istration

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Livermore, Shaw	1924-1925	Assistant Dean
Livernash, Edward Robert	1953-	Professor of Business Administration
Livesey, Charles Atkins	1942-1947	Assistant Professor of Business Administration
Livingston, Julius Sterling	1940-1943; 1946-1953; 1956-	Professor of Business Administration
Lombard, George Francis Fabyan	1936-	Professor of Human Relations
Lovekin, Osgood Stevens	1927-1934	Assistant Professor of Industrial Research
Lovett, Robert Woodberry	1948-	Head of the Manuscript Division and Archives of Baker Library
Lyon, Harold Alpheus	1921-1922	Lecturer on Latin-American Trade
McCarty, Harry Clinton	1916-1918	Lecturer on Marketing
McFarland, Ross Armstrong	1937-1947	Assistant Professor of Industrial Research
Mcgavern, John Howard	1956-	Head of the Acquisition Department of Baker Library
McGrath, James Edward	1921	Lecturer on Latin-American Trade
McIntosh, Captain Kenneth Chafee	1943-1946	Professor of Naval Supply
McKinley, Brigadier General Edward Brigham	1948-1950	Director of The Associates
McLean, John Godfrey	1940-1956	Professor of Business Administration
McLean, William Henry	1934-1942	Assistant Professor of Industrial Management
McMullen, Stewart Yarwood	1942	Visiting Lecturer on Accounting



<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
McNair, Malcolm Perrine	1920—	Lincoln Filene Professor of Retailing
McNamara, Robert Strange	1940—1945	Assistant Professor of Business Administration
McNeill, Russell Blaire	1943—1949	Secretary of The Associates
Mace, Myles Lagrange	1938—1957	Professor of Business Administration
Mackenzie, Donald Hector	1940	Visiting Lecturer on Business Administration
Malott, Deane Waldo	1923—1930; 1933—1939	Associate Professor of Business
Mansfield, Dr. James Scott	1949—	Physician to the Business School Health Service and Member of the Faculty
Marks, Leonard, Jr.	1949—1955	Assistant Professor of Business Administration
Marple, Wesley Wooley, Jr.	1956—	Associate Director of the Harvard Business School Fund and Member of the Faculty
Marshall, Martin V.	1949—	Associate Professor of Business Administration
Martin, Boyce Ficklen	1933—1940	Assistant Dean and Instructor in Agricultural Industries
Martin, Seldon Osgood	1910—1916	Assistant Professor of Marketing and Director of the Bureau of Business Research
Masson, Robert Louis	1929—	Professor of Finance
Matthews, John Bowers, Jr.	1949—	Assistant Professor of Business Administration
May, George Oliver	1941—1951	Lecturer on Accounting
Mayo, Elton	1926—1947	Professor of Industrial Research

*Appendix*

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Medlicott, William Bliss	1908-1917	Lecturer on Fire Insurance
Meek, Dudley Holmes	1955-1958	Director of the Harvard-Radcliffe Program in Business Administration and Member of the Faculty
Meriam, Richard Stockton	1929-	Charles Edward Wilson Professor of Business Policy
Merritt, Walle	1917-1918	Lecturer on Commercial Law
Merry, Robert Watson	1939-	Professor of Business Administration
Miller, Raymond Wiley	1948-	Visiting Lecturer on Business Administration
Miller, Stanley Simon	1950-	Assistant Professor of Business Administration
Minot, Otis Northrop	1951-1952	Assistant Dean
Mitchell, John Perry, Jr.	1929-1933	Assistant Professor of Business Economics
Mitchell, Wesley Claire	1908-1909	Lecturer on Economics
Moore, Charles Walden	1940-1943	Assistant Professor of Business Administration and Chief of the Bureau of Business Research
Moors, John Farwell	1908-1917	Lecturer on Investments
Morris, Edwin Lee	1934-1936	Assistant Dean
Myers, Aaron Howard	1953-1954	Lecturer on Business Administration and Member of the Faculty
Myers, Clark Everett	1953-1954	Lecturer on Business Administration and Member of the Faculty
Navin, Thomas Randall, Jr.	1946-1955	Assistant Professor of Business History and Assistant Director of Research
Neff, Judson	1941-1947	Associate Professor of Business Administration

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Newman, Joseph William	1951—	Assistant Professor of Business Administration
Nickerson, Clarence Bentley	1930—	Professor of Accounting
Nielsen, Vigo Gilbert	1942—1947	Assistant Dean and Assistant Professor of Business Administration
Niland, Powell	1948—1957	Assistant Professor of Business Administration
Nilsson, Arthur Edward	1942—1946	Visiting Lecturer on Business Administration
Nolen, Wilson	1952—	Assistant Professor of Business Administration
Norton, Ruth	1930—	Editor and Executive Secretary of the Division of Research
O'Donnell, Joseph Patrick	1955—	Executive Director of the Harvard Trade Union Program
Orth, Charles Daniel, III	1952—1955; 1957—	Assistant Professor of Business Administration
Packard, Fabyan	1926—1943	Physician to the School
Parks, James Erskine	1953—1957	Assistant Professor of Research in Business Administration
Peck, Merton Joseph	1956—	Assistant Professor of Business Administration
Peer, George Sherman	1952—1956	Executive Secretary of the Program in Agriculture and Business
Porterfield, James Temple Starke	1955—	Assistant Professor of Business Administration
Pugh, Edmund Wright, Jr.	1946—1948	Assistant Dean
Putnam, George	1925—1928	Lecturer on Finance

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<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Ragan, Philip Hisey	1949-1952	Lecturer on Business Administration and Member of the Faculty
Raiffa, Howard	1957-	Associate Professor of Business Administration
Raymond, Thomas Joseph	1950-	Associate Professor of Business Administration
Rich, Edgar Judson	1908-1932	Lecturer on Transportation
Robbins, Edwin Clyde	1927-1947	Professor of Industrial Management
Robbins, Winnie David	1956-	Lecturer on Business Administration and Member of the Faculty
Robinson, Richard Dunlop	1956-	Lecturer on Business Administration and Member of the Faculty
Robnett, Ronald Herbert	1942	Visiting Lecturer on Accounting
Rockwell, George Helm	1946-1949	Director of The Associates, Special Assistant to the Dean
Roethlisberger, Fritz Jules	1927-	Wallace Brett Donham Professor of Human Relations
Rollins, James Leslie	1942-	Assistant Dean and Member of the Faculty
Rood, Allan Fisk	1948-	Placement Consultant and Member of the Faculty
Roorbach, George Byron	1919-1934	Professor of Foreign Trade
Ross, Cecil Alured	1919-1921	Superintendent of the Library
Ruggles, Clyde Orval	1928-1948	Professor of Public Utility Management and Regulation (Emeritus 1948 to 1958)
Rust, Walter Baker	1945-1948	Director of Placement

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Salmon, Lieutenant William Jack	1943-1945	Assistant Professor of Naval Supply
Saltonstall, Robert	1949-1957	Lecturer on Business Administration and Member of the Faculty
Sandage, Charles Harold	1943-1944	Visiting Professor of Business Research
Sandberg, Lars Josef	1931-1936	Assistant Professor of Marketing
Sanders, Thomas Henry	1921-1952	Professor of Accounting
Saxenian, Hrand	1952-	Assistant Professor of Business Administration
Sayles, Madison	1929-1932	Assistant Dean
Schantz, Radford Lawrence	1954-1955	Visiting Associate in Business Research
Schaub, Lincoln Frederick	1908-1921	Professor of Commercial Law
Schell, Erwin Haskell	1924-1928	Assistant Professor of Industrial Management
Schlaifer, Robert Osher	1946-	Professor of Business Administration
Schmalz, Carl Nelson	1921-1922; 1929-1939	Chief of the Bureau of Business Research and Member of the Faculty
Schmidt, Leo Anton	1942-1947	Associate Professor of Accounting
Schoen, Donald Robert	1948-1955	Assistant Professor of Business Administration
Sedgwick, John Popham	1922-1925	Assistant Dean and Instructor in Finance
Seiler, John Andrew	1953-	Assistant Professor of Business Administration
Selekman, Benjamin Morris	1935-	Kirstein Professor of Labor Relations

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Shallenberger, Frank Kuhns	1942-1945	Assistant Professor of Industrial Management
Shannon, Lieutenant Commander William Hartley	1945-1946	Assistant Professor of Naval Supply
Shaw, Arch Wilkinson	1911-1917	Lecturer on Business Policy
Skillman, Harry Bowne	1926-1930	Associate Professor of Business Research
Slichter, Sumner Huber	1930-	Lamont University Professor
Smith, Dan Throop	1935-	Professor of Finance
Smith, Donald Borden	1922-1927	Assistant Professor of Business Statistics
Smith, George Albert, Jr.	1934-	Professor of Business Administration
Smith, Owen Guinn	1956-	Director of the Harvard Business School Fund, Director of The Associates, Assistant Dean, and Member of the Faculty
Snider, Joseph Lyons	1925-1955	Professor of Business Economics
Sprague, Oliver Mitchell Wentworth	1908-1941	Edmund Cogswell Converse Professor of Banking and Finance
Starch, Daniel	1919-1926	Associate Professor of Business Psychology
Stevens, Charles Leigh	1948-	Visiting Lecturer on Business Administration
Stewart, Herbert Frenz	1942-1943; 1946-1950; 1957-	Lecturer on Business Administration and Member of the Faculty
Stockton, Charles Head	1947-1948	Lecturer on Business Law
Stone, Robert Elwin	1954-	Professor of Business Administration

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Stone, Walter Morland	1914-1920	Instructor in Office Organization and Devices and Superintendent of the Laboratory of Business Devices
Stouffer, Samuel Andrew	1955-1956	Ford Foundation Research Professor (Faculty of Arts and Sciences)
Stratton, Samuel Sommerville	1930-1943	Associate Professor of Business Administration
Streibert, Theodore Cuyler	1923-1924; 1929-1933	Assistant Dean
Supple, Barry Emanuel	1955-	Lecturer on Business History and Member of the Faculty
Surface, James Richard	1950-1957	Assistant Professor of Business Administration
Swan, William Donnison, Jr.	1951-1954	Assistant Dean and Member of the Faculty
Sweet, Homer Newton	1927-1948	Lecturer on Accounting
Taeusch, Carl Frederick	1928-1935	Associate Professor of Business Ethics
Tagiuri, Renato	1957-	Lecturer on Business Administration and Member of the Faculty
Taylor, Malcolm Dean	1923-1924; 1944-1945	Visiting Professor of Business Research
Tebbutt, Arthur Rothwell	1930-1935; 1942	Visiting Lecturer on Business Statistics
Teele, Stanley Ferdinand	1931-1933; 1935-	George Fisher Baker Professor of Administration and Dean of the Faculty
Thompson, Clarence Bertrand	1911-1915	Lecturer on Manufacturing
Thompson, Lawrence Evans	1948-	Associate Professor of Business Administration

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Thompson, Walter Albert	1946	Visiting Lecturer on Marketing
Thurlby, Harold Hazen	1923-1935	Assistant Professor of Industrial Management
Todhunter, Lieutenant Commander Lawrence Edmund	1945	Assistant Professor of Naval Supply
Tosdal, Harry Rudolph	1920-1956	Professor of Business Administration (Emeritus since 1956)
Towl, Andrew Renwick	1936; 1944-	Director of Case Development and Member of the Faculty
Tucker, Frank Lee	1957-	Lecturer on Business Administration and Member of the Faculty
Tucker, Rufus Stickney	1919-1921	Lecturer on Income Taxation
Tully, Arthur Houghton, Jr.	1946-	Associate Director of the Doctoral Program and Member of the Faculty
Turner, Glen Corbin	1937-1940	Assistant Dean
Vanderblue, Homer Bews	1922-1929	Professor of Business Economics
Vanderlip, Frank Arthur	1920-1921	Lecturer on Business Economics
Walker, Ross Graham	1926-	Professor of Business Administration
Wallace, Edward Leo	1954-1955	Assistant Professor of Research in Business Administration
Wallen, Saul	1955-1956	Special Lecturer
Walter, James Elias	1957-	Associate Professor of Business Administration



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Ward, Lewis Bookwalter	1946-1955	Director of Admissions, Assistant Dean, and Member of the Faculty
Warner, William Lloyd	1931-1935	Assistant Professor of Social Anthropology
Washburn, Frank DeWitt	1928-1933	Associate Professor in Real Estate
Welcker, John William	1941-1950	Associate Professor of Business Administration
Wernette, John Philip	1934-1945	Associate Professor of Business Economics
White, Donald Joseph	1955-	Special Lecturer
Whitehead, Thomas North	1931-	Associate Professor of Business Administration
Williams, Charles Marvin	1947-	Professor of Business Administration
Williams, Harriette Greene	1946-	Head of Reference Department, Baker Library
Williams, Whiting	1920-1923	Lecturer on Labor Relations
Williamson, John Peter	1957-	Assistant Professor of Business Administration
Willing, James	1916-1918	Lecturer on Accounting
Wilson, Milton	1957-	Visiting Professor of Business Administration
Wingate, Francis Alfred	1953	Visiting Professor of Research and Marketing
Withers, Charles Cole	1957-	Lecturer on Business Administration and Member of the Faculty
Woodworth, Arthur Vernon	1921-1935	Associate Professor of Finance
Worthington, Thomas Kimber	1949-	Business Manager of the <i>Harvard Business Review</i>
Wrapp, Henry Edward	1948-1950; 1955-	Associate Professor of Business Administration

*Appendix*

<i>Name</i>	<i>Years Employed at the Business School</i>	<i>Last Title Held to January 1, 1958</i>
Wright, Donald Murray	1947-	Director of Alumni Relations and Member of the Faculty
Wright, Edmond Flemming	1925-1936; 1942-1947	Lecturer on Personnel Administration, Director of Placement and Alumni Relations, and Assistant Dean
Yeager, John Robert	1957-	Lecturer on Business Administration and Member of the Faculty
Young, Arthur Howland	1929-1934	Lecturer on Industrial Relations
Zaleznik, Abraham	1947-	Associate Professor of Business Administration
Zuckert, Eugene Martin	1940-1944	Assistant Professor of Business Administration





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